



Daily Report

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General

Foreign Ministry Gives Weekly News Briefing *OW2505102388 Beijing XINHUA in English* 0933 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—A Chinese Foreign Ministry spokesman denied here today that China has sold minesweepers or submarines to Thailand.

At today's weekly news briefing, the Spokesman said that the two countries have no deals in this field although the bilateral relations are fine.

In response to the question whether China helps Pakistan launch missiles, he said that this kind of saying is "utterly groundless."

Responding to another question, the spokesman said that during Argentine President Raul Alfonsin's stay in China, the two sides did not touch upon the provision by China to Argentina with missile techniques.

He also denied the report that China has helped U.S. military experts obtain and study the Soviet weapons seized in Afghanistan.

The spokesman called the report "groundless", which asserted that Israel helped China improve the missiles sold to Saudi Arabia.

On the coming U.S.-Soviet summit, the spokesman said China welcomes continuing dialogue between leaders of the two countries. But the results will not be known until a few days later, he added.

The spokesman also demanded that Vietnam stop its illegal seizure and occupation of islands and reefs of China's Nansha Islands and withdraw from those already occupied.

He reiterated that China's sovereignty over the Nansha Islands is indisputable.

Polish Premier To Visit *OW2505083788 Beijing XINHUA in English* 0731 GMT 25 May 88

[Text] Beijing, MAY 25 (XINHUA)—A Chinese Foreign Ministry spokesman announced here today at a weekly news briefing that Zbigniew Messner, chairman of the Council of Ministers of the People's Republic of Poland, will pay an official goodwill visit to China early in June.

Messner, who is also a member of the Political Bureau of the Central Committee of the Polish United Workers' Party, will be the guest of Li Peng, Chinese premier and member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, the spokesman said.

Macao Governor To Visit *OW2505083388 Beijing XINHUA in English* 0735 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—Governor Carlos Melancia of Macao and his wife will visit Beijing from May 27 to 31 at the invitation of Chinese Vice-Foreign Minister Zhou Nan.

This was announced by a Chinese Foreign Ministry spokesman at a weekly news briefing here today.

'News Analysis' Views U.S.-USSR Summit *OW2505073188 Beijing XINHUA in English* 0645 GMT 25 May 88

["News Analysis: U.S.-Soviet Summit in Perspective (by Wang Chongjie)"]—XINHUA headline]

[Text] Beijing, May 25 (XINHUA)—Whether Washington and Moscow can truly turn onto the right track of disarmament and ease world tensions, or still be governed by the logic of the arms race and confrontation remains the fundamental issue of the coming Soviet-U.S. summit.

Soviet Communist Party General Secretary Mikhail Gorbachev and U.S. President Ronald Reagan meet May 29-June 2 in Moscow for their fourth summit in four years to continue discussions on arms control, regional conflicts, bilateral issues and human rights.

The signing of the U.S.-Soviet treaty to eliminate intermediate-range nuclear forces (INF) and the Afghan agreement for a Soviet troop withdrawal that is already in force constitute a sound beginning for promoting disarmament and finding political solutions to regional conflicts.

However, the U.S.-Soviet INF missiles are yet to be dismantled completely and a final solution to the Afghan problem remains remote. In addition, a spectrum of other world issues are crying out for urgent solutions. Will the Soviet Union and the United States march forward or backward in the Moscow meeting? Will they maintain their status quo positions? These questions will put the two superpowers to a test again.

It becomes clear that leaders of the two countries are already unable to fulfill their projected chief objective at the Moscow summit, namely, the signing of a treaty to halt their strategic nuclear arsenals.

In a joint statement at the Washington summit last year, Reagan and Gorbachev stressed their agreement to work out as soon as possible the strategic nuclear arms reduction treaty and relevant documents for signing at the Moscow summit. But no progress has been made over

the past half year despite frequent meetings of U.S.-Soviet negotiators in Geneva and four rounds of talks between U.S. Secretary of State George Shultz and his Soviet counterpart, Eduard Shevardnadze.

The arguments of both sides show, however, that the two are still, at hard bottom, trying to take advantage of the other. While Washington is eager to cut a larger portion of land-based strategic missiles, in which the Soviet Union is superior, Moscow wants to do the same with the U.S. dominance in submarine- and air-launched missiles.

Washington also uses the development of the Strategic Defense Initiative (SDI), or the Star Wars program, to press Moscow for concessions in strategic arms reductions. Moscow, on the other hand, considers strategic arms a negotiation chip that could block the SDI program.

Due to direct and indirect superpower meddling in regional crisis over the past many years, efforts to remove numerous "hot spots" in the world fail to produce speedy solutions, and the two superpowers have found themselves shouldering heavy burdens throughout the world. As Reagan emerged from the "Irangate" crisis of U.S. interference in the Middle East and Central America, the Soviet Union decided to drop the bitter fruit harvested in its occupation of Afghanistan.

U.S.-Soviet officials [as received] have frequently talked recently about solutions to regional conflicts, but concrete results are yet to be yielded. Leaders of the two superpowers often claim that their countries bear "special responsibilities" over world affairs. True as it is, their "special responsibilities," however, should be ended to halt their rivalry and actively promote solutions to all regional conflicts on the basis of respect for national independence, state sovereignty and non-interference in others' internal affairs.

The superpower arms race and confrontation not only seriously endanger world peace and security, but also hinder the social and economic development of the United States and the Soviet Union. To conclude a strategic arms reduction treaty with reliable verification measures and sign agreements on other disarmament issues, indeed, requires effort to overcome many technical difficulties. Yet, the decisive factor lies in whether the two sides have the sincerity and determination to quicken the disarmament process.

It is the hope of the world people that the Moscow summit can adopt effective measures for peace and security in the continued effort to find ways of disarmament and easing of tensions.

U.S., Soviet Preparation Talks for Summit
HK2405153188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No. 21, 23 May 88 p 30

[Article by Xiang Kuiguan (0686 1145 6034) and Li Ruifeng (2621 6904 6912): "U.S.-Soviet Foreign Ministers' Talks on Making Preparations for the Summit"]

[Text] Geneva—The U.S. Secretary of State, Shultz, had another round of talk with the Soviet Minister for Foreign Affairs, Shevardnadze, on 11 and 12 May in Geneva. This was to make final preparations for the summit between the leaders of the two countries, which is to be held at the end of May in Moscow.

Since the signing of the INF Treaty by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in December 1987 in Washington, people have been consistently hoping that the two countries can take a new step in the realm of arms reduction—by signing a new arms reduction treaty when the two leaders meet in Moscow, which can cut the huge volume of military nuclear weapons owned by both countries by 50 percent. However, due to serious differences of opinions and mutual suspicion between the two countries, the negotiations between the two foreign ministers on reducing military nuclear weapons are bogged down. Both sides have to admit that an agreement on reducing military nuclear weapons cannot be reached before, or at, the Moscow summit meeting.

This is the last round of talks between the two foreign ministers before the Moscow summit meeting. In order to avoid the summit achieving nothing, Shultz and Shevardnadze have resolved their difference of opinions on the INF Treaty. They have also prepared some bilateral agreements which Reagan and Gorbachev can sign at the meeting.

The main achievement of the talks between the two foreign ministers is that two documents concerning the checking and enforcement of the INF Treaty were signed. A few days before the talks the U.S. Senate, which is responsible for approving the INF Treaty, suddenly decided to indefinitely postpone the debate on approving this treaty. The U.S. Senate considers that there are loopholes in some verification measures in the INF treaty which require further clarification. This decision by the Senate cast a shadow over the talks between the two foreign ministers.

During the talks the United States raised many doubts over verification in the INF and the USSR also raised corresponding questions. The rapid signing of the two documents mentioned above by the United States and the USSR indicated that both sides have done their utmost to try to avoid any harm, which could be brought about by the verification issue in the INF Treaty, to the atmosphere of the Moscow summit meeting. The foreign ministers of both countries are gratified that the questions were solved in a rapid way. Shultz said that all the questions concerning the INF Treaty have been satisfactorily solved. Shevardnadze considers that these two documents are sufficient to cause the U.S. Senate to approve the INF Treaty.

The President's National Security Advisor, Powell, and the U.S. arms reduction representative in charge of the negotiations on the INF Treaty, Kempelman, who had

accompanied Shultz to Geneva, returned to the United States on the evening of 12 May to explain to Senate leaders the results of the talks, and to eliminate the Senate's worry over verification in the INF Treaty.

Both the United States and the Soviet Union expressed their hope that the U.S. Senate could approve the INF Treaty before the Moscow summit meeting, so that by the time Reagan and Gorbachev meet in Moscow they can have the approved version of the INF Treaty in hand.

As revealed, both sides have achieved progress in some realms of the questions concerning the reduction of military nuclear weapons. However, Shultz and Shevardnadze did not explain in detail. The Soviet Union provided the United States with the latest information about military nuclear weapons currently owned by the USSR. The foreign ministers of both countries said that both sides should continue to work hard during and after the summit meeting, to reach an agreement. Shultz did not rule out the possibility that an agreement can be reached before January 1989, when Reagan's term of office is over. Reagan also indicated shortly before, that as long as an agreement on reducing military nuclear power can be reached, he is willing to meet Gorbachev again after the Moscow summit.

The agreements, to be signed by the two leaders in Moscow, basically agreed upon, include: Documents concerning joint checking of nuclear tests and experiments; a new agreement on the stipulations as to how to enforce the agreement on peaceful use of nuclear explosions, which was signed in 1976; and agreements on carrying out exchanges and cooperation between the two countries in the realms of science and technology, culture, transportation, ocean security, etc.

The two foreign ministers separately convened press conferences after the talks. They unanimously considered the talks successful, and that certain results had been achieved. They both predicted that the Moscow summit would certainly achieve successful results. Shultz said the summit would make a deep impression on people. Shevardnadze considered that the Moscow summit between the U.S. and Soviet leaders would not only promote further development of the relationship between the two countries, but would also become a great and important affair in international politics.

In view of the speeches by Shultz and Shevardnadze, the talks between the two foreign ministers to make final preparations for the summit had also generated a good atmosphere for smooth progress at the summit meeting.

Correction to 'News Analysis' Previews Summit

The following correction pertains to the item headlined "'News Analysis' Previews U.S.-USSR Summit," published in the 24 May China DAILY REPORT, page two,

column two, first paragraph, line four: ...the two superpowers and relax the tense world situation...(providing indistinct words as per XINHUA correction)

United States & Canada

Reagan on USSR, PRC Roles in Cambodia Conflict
OW2505020288 Beijing XINHUA in English
0124 GMT 25 May 88

[Text] United Nations, May 24 (XINHUA)—U.S. President Reagan said that "the Soviet Union can play a positive role in encouraging Vietnam to be responsive to efforts to resolve the Kampuchean conflict." And the United States has been "actively discussing Cambodia with the Soviet Union" for a number of years.

In an interview with a group of journalists from the Southeast Asian countries in Washington yesterday, the President said that he raised the issue of Kampuchea with Soviet leader Mikhail Gorbachev at the last summit and the United States would continue urging the Soviet Union to play such a role.

Reagan granted this interview on the eve of his fourth summit with the Soviet leader Gorbachev. He was responding to questions whether he would raise the Kampuchean question when he meets with Gorbachev.

He also stated that "Vietnam should meet directly with Prince Sihanouk and should commit itself to a firm timetable for rapid withdrawal from Cambodia."

The President noted that "China's policy will make a constructive contribution settling the Cambodian conflict."

China supports Prince Sihanouk and the ASEAN nations in their efforts to end the Vietnamese occupation of Kampuchea and restore that country's sovereignty and independence, according to Reagan.

Wu Xueqian Meets Kissinger, Rockefeller
OW2505011488 Beijing XINHUA in English
0044 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA) — Vice-Premier Wu Xueqian met Henry A. Kissinger, former U.S. secretary of state, and David Rockefeller, former chairman of the board of the Chase Manhattan Bank, at the Diaoyutai Guesthouse here this morning.

Tian Jiyun Visits Canadian Hydropower Station
OW2405130688 Beijing XINHUA Domestic Service
in Chinese 1114 GMT 21 May 88

[Text] Montreal, 20 May (XINHUA)—Chinese Vice Premier Tian Jiyun, who is currently visiting Canada, today visited the James hydropower station located on the River Grande in Quebec.

Completed in 1984, the James hydropower station, with an installed capacity of 10,280 megawatt, is one of the world's largest water conservancy works. The station includes 215 dikes and dams and 5 large reservoirs which are used for drainage and water storage.

Vice Premier Tian praised the hydropower station for its low generating cost, good management, and high efficiency. He said Canada has rich experience in hydropower generation and a very competitive technology in the field.

After visiting the station, Vice Premier Tian also held talks with Quebec Premier (Burlansa) on cooperation between the two sides in hydropower technology.

In 1983, a hydropower company in Quebec actively participated in a scientific survey of the feasibility of China's Sanxia project.

Soviet Union

Supreme Soviet Bodies Urge INF Ratification

OW2305230588 Beijing XINHUA in English
1546 GMT 23 May 88

[Text] Moscow, May 23 (XINHUA)—The two foreign affairs commissions of the Supreme Soviet (parliament) chambers today recommended the parliament presidium ratify the intermediate-range nuclear forces (INF) treaty signed with the United States last December.

At a joint session in the Kremlin today, the commissions reached a conclusion that the treaty and its attendant documents meet the security interests of the Soviet Union and its Warsaw Pact allies and the broader interests of lessening the threat of war and strengthening peace.

Under the INF treaty, 2,611 intermediate range missiles will have to be scrapped within three years.

The Soviet Union will destroy 826 medium-range missiles and 926 shorter-range ones, while the United States will eliminate 689 medium-range missiles and 170 shorter-range ones.

In the United States, the INF treaty is being debated in the Senate, hopefully to be approved before President Reagan leaves for the May 29-June 2 Moscow summit with the Soviet leader Mikhail Gorbachev.

Human Rights Issues Now a 'Two-Way Street'

OW2505034388 Beijing XINHUA in English
0059 GMT 25 May 88

[Text] Moscow, May 24 (XINHUA)—With human rights likely to be highlighted at the upcoming Soviet-U.S. summit, the Soviet Union today devoted a press

conference exclusively to the issue, claiming that improvement has been made both at home and in dealings with the United States.

A five-man panel headed by Foreign Ministry Spokesman Gennadiy Gerasimov told reporters that human rights has moved from fourth in importance to first among the issues on the agenda of the Soviet-U.S. dialogue in the past three years and will be one of the central points of discussion at the Moscow summit between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan.

The change reflects the significance which the two countries have attached to humanitarian problems, the panel said.

The panel said that the difficulties in discussing human rights issues stem from mutual suspicions, mistrust, prejudice and misunderstanding, but the atmosphere and tone of talks on human rights have now changed.

It used to be Western, especially American, representatives who asked the questions, while the Soviets were expected to provide the answers, but this is being rectified, a panel member said, adding that human rights discussions have now become a two-way street.

A panel member said the Soviet Union has done a lot in improving human rights as part of the process of democratization, glasnost (openness) and restructuring. He revealed that the revision of some outdated Soviet human rights legislation is under way, and new laws will be published "in the immediate future."

As for the question of free travel and emigration, one of the panel members said that mutual trips between the Soviet Union and other countries doubled in 1987 over the previous year, and more than 250,000 Soviets made private trips abroad last year as tourists or in other capacities.

"At present, this process is developing more," he said, adding that the figure this year could be much higher.

He disclosed that in the first four months over 15,000 Soviets have been granted permission to emigrate abroad. "All the requests are resolved in a positive manner, and there are very few refusals," he said, pointing out that only two percent of all emigration applicants have been refused.

When asked how many political prisoners are still being held, a panel member said that although he rejects this Western terminology, there are only 13 such persons at present, and one of them will soon be released.

Southeast Asia & Pacific

RENMIN RIBAO Refutes Vietnamese Statement
HK2505090588 Beijing RENMIN RIBAO in Chinese
24 May 88 p 6

["International Jottings" by Rong Jiu (2837 0036):
"Where Does the 'Shadow' Come From?"]

[Text] Because Foreign Minister Nguyen Co Thach felt Vietnam's isolated position in the international community more deeply than other Hanoi leaders, he was more anxious. This can be quite easily understood. However, this eloquent foreign minister did not trace the reasons for this state of affairs to his own country but placed the blame on China. Recently, he told an AFP reporter that Vietnam's relations with Japan, France, and other countries were obstructed by the "shadow of China." This was another example of Nguyen Co Thach not telling the truth.

During the past 10 years Nguyen Co Thach has been greatly puzzled at the changes in Vietnam's position in the international community. Ten years ago, during the anti-American and National Salvation War, Vietnam won moral support and assistance from most of the countries in the world and had friends all over the world. But now, not only have Vietnam's relations with Japan and France been "obstructed," but Vietnam also found that most countries in the world simply turned a cold shoulder to it or opposed it. Since the Vietnamese Army invaded Cambodia on 25 December 1978, Vietnam has been constantly condemned in all parts of the world. Many countries stopped assistance, suspended trade, and froze relations with Vietnam in opposition to Vietnamese aggression. Over the past 10 years Vietnam has been a constant target of criticism in the UN General Assembly. It is rarely seen in world history for a country to be placed in the position of being criticized by the international community for such a long time.

The change from victim of foreign aggression into an aggressor was the basic reason for the dramatic change in Vietnam's image on the international stage. Hanoi did not reproach itself but instead tried to use the fabricated "shadow of China" and other anti-Chinese tricks to divert people's attention and to absolve itself from guilt. This merely indicates that the Vietnamese authorities still stick to their position of aggression and expansion.

Nguyen Co Thach should say that "the shadow of the war of aggression against Cambodia obstructed the normal development of Vietnam's relations with most countries in the world."

'War Will Break Out at Any Time' Over Spratlys
HK2505041888 Hong Kong WEN WEI PO in Chinese
25 May 88 p 2

[Editorial: "Chinese Army Comments on the Nansha Situation for the First Time"]

[Text] In the first half of this year, the spokesman for the Chinese Foreign Ministry repeatedly demanded that Vietnam stop invading and occupying the Nansha

[Spratly] Islands and withdraw its troops from the Nanshas. If Vietnam takes its hand back from Nansha, armed conflicts in that region can then be avoided.

China's attitude is firm, and China has tried to avoid conflicts. However, the Vietnamese authorities simply turned a deaf ear to the statements of the Chinese Government, believing that they would be able to realize their ambition by making use of the geographical and weather conditions. Reportedly, Vietnam plans to take advantage of the typhoon season between June and October in the South China Sea to seize more islands in the Nanshas, and plans to make an assault on the Chinese garrison troops on the Nansha Islands when weather conditions become bad and make it hard for the Chinese warships to stay in that area.

Vietnam did not pull in its horns; instead, it continued to increase its military strength and make war preparations. Now, Vietnam occupies more than 20 islands in the Nansha area. Recently, it has been stepping up the building of fortifications on the islands in an attempt to permanently occupy them. In early May, Vietnam carried out a combined air and maritime military exercise, fighting a practice sea battle in the Nansha area so as to pose a challenge and provocation against China.

Le Duc Anh, who was recognized by the Vietnamese authorities for his commanding role in the war of aggression against Cambodia and then was promoted to defense minister, also landed on the islands in Nansha occupied by the Vietnamese troops. There, he reiterated the Vietnamese authorities' "determination" to "defend" these islands.

The Vietnamese official newspapers even openly clamored that Vietnam "must seize back the small islands on which the Chinese army has landed." The newspapers also blustered and threatened that the Vietnamese army would launch an attack in the typhoon season, and the violent waves would then force the 17 Chinese warships and submarines to retreat. Then, it would be hard for the Chinese troops on the islands to hold their positions, and the defense works they built would play no role, because the islands are too far from the Chinese coasts.

This was a sheer bluff. Recently, they seem to be getting ready for a fight. The Vietnamese army organized simulated combats, dispatched planes and warships to conduct reconnaissance on the islands with Chinese garrisons, and carried out attack exercises. The Vietnamese troops also continually fired guns from the islands they occupy.

In view of this situation, the spokesman for the Chinese Foreign Ministry did not comment; instead, the responsible officer of the PLA issued a statement to the XINHUA reporter condemning Vietnam for creating tension in the Nansha area. He said that the responsibility of the PLA is to defend the territory of the motherland. The fact that the

military spokesman mentioned Vietnam's arrogant aggression activities indicated that the Chinese army will not be "indifferent" to the situation.

The Chinese military spokesman did not repeat the remark of "demanding that Vietnam withdraw from the Nansha Islands." Instead, he placed stress on the fact that the Vietnamese army staged combined air and maritime war exercises in the Nansha area. Even the Vietnamese defense minister stepped on China's territory to talk a lot of nonsense. This time, it would not be appropriate for China to send the Foreign Ministry spokesman to issue a response.

China's military authorities expressed their attitude. This indicated that China is also making serious preparations. Since somebody has knocked at China's door, China will certainly issue a response.

If the typhoon season comes, the weather conditions will certainly become favorable to the Vietnamese side. The Chinese Army certainly knows this, and will certainly take effective countermeasures. The Nansha Islands are now awash in the smell of gunpowder. The Vietnamese troops are frequently firing their guns. A war will break out at any time. The situation in the coming 1 or 2 weeks will be very noteworthy.

On the Cambodian issue, Vietnam is facing increasing pressure from Southeast Asian countries who demand that Vietnam withdraw its troops from Cambodia. Even the Soviet foreign minister has indicated that it is too late for Vietnam to plan to withdraw its troops from Cambodia in 1990. In this predicament, Vietnam tries to divert people's attention by creating tension in the Nansha area so as to lighten the pressure on the Cambodian issue. However, Vietnam's wishful thinking will never come true; instead, it will just outsmart itself and ask for trouble.

New Zealand Agriculture Minister To Visit
OW2505050488 Beijing XINHUA in English
0614 GMT 24 May 88

[Text] Wellington, May 24 (XINHUA)—New Zealand Agriculture Minister Colin Moyle left this morning for a 10-day visit to China to seek opportunities for expansion of existing technical knowhow exchange in farming.

He will also spend 3 days in Japan for meetings with ministers and officials and visits to modern Japanese farms.

Moyle said yesterday, while there had been growing technical cooperation in the expansion of dairy farming, dairy product processing, and pastoral livestock farming between New Zealand and China, he would like to see opportunities opening up as well for technical knowhow exchange in fish farming and other forms of aquaculture.

Included in his itinerary is a visit to a major textile mill which uses New Zealand wool. He said in recent years the two countries have developed a very strong trading relationship, with China becoming New Zealand's largest wool market.

According to the Wool Board statistics, almost 20 percent of the 163,416 tonnes of New Zealand raw wool exported for the current season went to China.

Beijing To Host Singapore Trade Symposium
OW2305152888 Beijing XINHUA in English
0808 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Beijing plans to hold an economic and trade symposium in Singapore, a Beijing Economic and Foreign Trade Committee official announced today.

The symposium, scheduled for July 20-26, will be the largest and most comprehensive the city has sponsored in a foreign country, the official said, adding 18 of the capital's import-export corporations will participate.

While focusing on export trade talks, the symposium will also deal with imports, joint and cooperative ventures, and advanced technology.

Export commodities to be handled at the symposium will fall into 25 categories and involve 2,000 different products, including textiles, garments, silk, light industrial goods, handicrafts, jewelry, carpets, food, chemicals, metals, minerals, machinery, electronics, and automobiles.

Import and cooperative items mainly revolve around the electronics and machinery industries, food, medical equipment and construction materials.

According to the official, Beijing has good trade ties with Singapore, with last year's export volume to the country topping 20 million U.S. dollars.

Beijing also exports commodities to over 130 countries and regions, and sponsored two similar trade symposiums in the United States and Holland last year.

Correction to SRV Builds Military Presence

The following correction pertains to the item headlined "SRV Builds Military Presence in Spratly Islands," published in the 24 May China DAILY REPORT, pages 7-8: page eight, column one, paragraph one, lines 2-3: "...occupied Qiongjiao, Guihan, and Bolan reefs..." (omitting "Nailuo" per XINHUA correction)

Near East & South Asia

Pakistan President Meets Delegation *OW2505115088 Beijing XINHUA in English* 0626 GMT 25 May 88

[Text] Islamabad, May 25 (XINHUA)—Pakistan President Mohammad Ziaul Haq met the visiting delegation from China's Beijing Institute of Strategic Studies last night at the presidency in Rawalpindi, twin city of the capital Islamabad.

During the meeting, Zia discussed the prospects of the Afghan issue with the delegation.

He said the Afghan problem could be solved after the withdrawal of the Soviet troops from Afghanistan.

"When I visited China in 1982, Chairman Deng Xiaoping told me not to worry too much, for the Soviets will finally be forced to leave Afghanistan. Facts have shown that what Deng said has become true. He is the first man who foresaw the Soviet withdrawal from Afghanistan," he added.

Headed by Wu Xingan, deputy director general of the Beijing Institute of Strategic Studies, the Chinese delegation arrived here on May 23 to take part in the first Pakistan-China bilateral forum on May 24-26. Views on important regional issues will be exchanged during the forum.

Sub-Saharan Africa

Li Peng Congratulates OAU on Summit Opening *OW2405085388 Beijing XINHUA in English* 0544 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Chinese Premier Li Peng sent a congratulatory message today to the Organization of African Unity (OAU) on the occasion of the opening in Addis Ababa of the 24th summit of the OAU and the 25th anniversary of its founding.

In his message, Premier Li said that in the past 25 years the OAU has made "important contributions to the maintenance of world peace and the promotion of human progress" and has "won the acclaim of the people of Africa and the rest of the world for the increasingly important role it plays in international affairs."

On the economic reform and policy readjustments that are being carried out in African nations as well as the regional cooperation, the premier said, "these endeavors have brought about initial success, presaging a bright future for the economic development of Africa."

On the situation in southern Africa, Premier Li said, "the obstinate pursuance of the policy of racial discrimination and apartheid, energetic obstruction of Namibia's independence and wanton invasion of neighboring states by the South African authorities" are responsible for the prolonged tension and unrest in southern Africa.

"The Chinese Government and people sternly condemn the South African authorities for their perverse acts of all descriptions" and "firmly support various efforts by the frontline states in the light of their national conditions for the peace and stability in their respective countries and in the region as a whole," the premier said.

XINHUA 'Roundup' on African Reconciliation *OW2405070588 Beijing XINHUA in English* 0129 GMT 24 May 88

["Roundup: Trend to Dialogue and Reconciliation in Africa (by Zhai Jingsheng)" — XINHUA headline]

[Text] Beijing, May 24 (XINHUA)—Black Africa has been haunted by border disputes left over from colonial times, military confrontations caused by superpower interference, and prolonged tribal conflicts. These have greatly affected Africa's economic development.

As the superpowers have improved their relations and reduced their direct meddling in Third World affairs in recent years, the African nations have begun to solve their differences and conflicts through dialogue and negotiation.

Now the hotspots in Africa have begun to cool down, and some countries and regions have benefited from their dialogue and reconciliation.

The dawn of peace on the Horn of Africa has been ushered in by a peace accord reached between Ethiopia and Somalia after more than 100 years of dispute between them on the sovereignty over the Ogaden area.

Having failed to achieve any settlement through war for the past 20 years, Ethiopian and Somali leaders met in January 1986 to negotiate a solution. Peace initiatives were put forward and a joint committee was set up for further discussion.

Later on, the two countries' foreign ministers met 3 times, which paved the way for another meeting between Ethiopian President Mengistu Haile Mariam and Somali President Mohamed Siad Barre.

After unremitting efforts by the two countries, a peace agreement was eventually reached in April this year. The two countries resumed their diplomatic relations, disengaged their troops, returned each other's prisoners of war, and stopped hostile propaganda and sabotage activities against each other. Their reconciliation was warmly welcomed by the African people.

Another significant event is that the Chad-Libya border has been relatively calm recently. The Chad-Libya border used to be one of the hotspots in Africa. After the large-scale military conflict took place between the two countries in August and September last year, the Organization of African Unity (OAU) ad hoc committee of mediation on the Chad-Libya dispute held a mediation meeting in Lusaka last September, and both Chad and Libya agreed to solve the problem of sovereignty over the disputed Aouzou area.

Although later mediations by the committee failed to make a breakthrough, fighting has since stopped on the border area. The OAU mediation committee has decided that, if consultation and negotiations do not work, it will submit the matter before International Court in The Hague for arbitration.

The Angolan issue has taken a turn for the better. The Soviet-supported Cuba and Angolan Government and the U.S.-supported South Africa and the National Union for Total Independence of Angola (UNITA) have been in confrontation with each other for 13 years. On the basis of official contacts between Angola and the United States starting in 1984, representatives from Angola, Cuba, and the United States met in Luanda, Angola, at the end of January. Cuban and Angolan representatives agreed for the first time that Cuba would withdraw its troops from Angola. It was also their first actual acceptance of the plan put forward by South Africa and the United States which links Namibian independence with Cuban withdrawal.

In return, South Africa should withdraw its troops from Angola. Such developments strengthened the trend for a political settlement of the Angolan issue. On this basis, a series of meetings and talks were held between representatives and senior officials from Angola, Cuba, the United States, and South Africa, including the meeting between Angolan Minister of Justice Franca Van Dunem and South African Foreign Minister Pik Botha in Brazzaville, capital of Congo on May 13.

The two sides have agreed to hold more talks at the end of this month and lay groundwork for another round of talks between Angola, Cuba, South Africa, and the United States.

These talks have greatly alleviated the hostilities of the two sides. With the signing of the Geneva agreement between the Soviet Union and the United States on the Afghanistan issue, the parties concerned have shown a flexible and positive gesture out of their respective needs. A gleam of hope has emerged for peace in Angola and independence for Namibia.

In addition to these major developments, some other smooth settlements of bilateral problems also draw much attention. They include the quick suppression of the armed conflict on the border areas of Kenya and Uganda through the meeting and negotiations between

their leaders, the establishment of the National Unity Government of Zimbabwe early this year on the basis of an agreement of unity between the ruling party and opposition party, and the resumption of diplomatic relations last week between Algeria and Morocco, which broke off 12 years ago following their dispute over West Sahara.

All this shows that dialogue and reconciliation conform to the wishes of the people in Africa who long for peace and need stability for their economic development. This is the major melody in the current development of the situation in Africa.

West Europe

He Kang Heads Delegation to World Food Council
OW2405065888 Beijing XINHUA in English
0109 GMT 24 May 88

[Text] Nicosia, May 23 (XINHUA)—Delegates from 36 member states of the the World Food Council (WFC) attended here this morning the 14th ministerial session of the WFC.

The session will consider problems of food security, international agricultural trade, coordination of the policies of international agencies of food, finance, trade and development, and regional and South-South cooperation in food and agriculture, according to conference sources.

Cyprus President George Vassiliou in his inaugural address pointed out "the world's hungry and undernourished people are estimated at over 500 million, while the annual death toll for lack of food is estimated at 50 million."

The president said that Cyprus will participate actively in the search for a consensus on future policy for overcoming this "human disaster."

Cyprus would be happy to present the conclusion of this meeting to the forthcoming meeting of foreign ministers of the nonaligned countries, to be held in Nicosia next September, he added. President of the council, Eduardo Pesqueira, minister of agriculture and water resources of Mexico, in his speech said: "Given the serious hunger situation, actions must be implemented on the national and international cooperation levels. The problem not only affects those population with insufficient food, but it also undermines the very dignity of all mankind."

The Nicosia meeting will discuss the principle of a proposed international initiative for overcoming hunger and ways to carry it out, according to Alain Vidal-Naquet, chief of WFC policy coordination and external relations at a news conference here.

The suggested recommendations to be discussed at the current meeting include joint efforts by developing and developed countries and international assistance agencies to protect the food nutrition levels of low-income groups, the initiation of necessary food policy changes in developed and developing countries and low-cost approaches to fight specific forms of malnutrition such as vitamin-A deficiency causing blindness.

The World Food Council was set up by the United Nations General Assembly in December 1974. It is a ministerial body of the General Assembly with political responsibility for monitoring and directing cooperative action to solve world food problems and is the political 'think tank' of the United Nations regarding food issues.

Its 36 member-states, which are elected by the General Assembly for 3 years, comprise 9 from Africa, 8 from Asia, 7 from Latin America, 4 from East European countries, and another 8 from West Europe and other countries.

The Chinese delegation, headed by He Kang, minister of agriculture, attended today's opening session as a member-state of the council.

Italy To Fund Mongolian Pasture Experiment
OW2305204088 Beijing XINHUA in English
1513 GMT 23 May 88

[Text] Hohhot, May 23 (XINHUA)—Italy is to help China build its first experimental pasture in Inner Mongolia.

As part of the 1987-1989 Sino-Italian cooperation program, the Italian Government is donating 2 million U.S. dollars and the Chinese Government is investing 3.5 million yuan in developing 700 hectares of pasture.

"We will import up-to-date stock-raising technology, computer-controlled fodder mixing lines and milk product processing equipment from other countries," said Liu Zhi, an official in charge of the pasture's preparatory work.

Local animal husbandry experts said there are large tracts of natural grazing land in north China. But most of this grazing land has yielded little because of poor management and a lack of facilities.

Establishment of the experimental pasture will help transform other poorly managed pastures and promote animal husbandry in China, Liu said.

Truck Venture With U.K. Firm Opens in Hohhot
OW2205131288 Beijing XINHUA in English
1434 GMT 21 May 88

[Text] Hohhot, May 21 (XINHUA)—The first Sino-foreign heavy-duty truck venture in China officially opened today here in this capital of the Inner Mongolia autonomous region.

The Beifang Heavy-Duty Truck Company, a joint undertaking of the Inner Mongolia No 2 machinery plant and the Terex Equipment Company of Britain, is designed to produce annually 300 dump trucks with a capacity ranging from 30 to 77 tons.

The two partners have already produced 44 trucks in the 40-ton class.

The British partner is providing the production line for the venture which will operate until the year 2008.

Soviets To Inspect UK Chemical Warfare Center
OW2405141288 Beijing XINHUA in English
2349 GMT 23 May 88

[Text] London, May 23 (XINHUA)—A team of Soviet experts arrived in London on Monday to inspect the top-secret chemical weapons defense establishment, said the British Defense Ministry.

Armed Forces Minister Ian Stewart today welcomed the Soviet delegation, which included 13 diplomats and scientists led by Yuriy Nazarkin, Soviet ambassador to the Geneva disarmament conference.

The Soviet team will visit the chemical weapons defense establishment in Porton Down, about 100 km southwest of London, and will be shown around the Porton Down complex from Tuesday until Thursday.

It is the first Soviet delegation to be allowed to a chemical warfare unit in Western Europe.

A British team will pay a return visit to the Soviet chemical weapons test center at Shikhany on the River Volga.

British defense officials said they wanted to discuss chemical weapons production, storage and disposal.

Mr. Stewart said it is hoped the move will help win a global chemical weapons ban in the Geneva disarmament talks.

East Europe

Visit of CSSR's General Secretary Continues

Tours Steel Factory
OW240518488 Beijing XINHUA in English
1359 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Czechoslovak Communist Party General Secretary Milos Jakes today visited the Capital Iron and Steel Company, one of the pace-setters in China's economic reforms.

Situated in the western suburbs of Beijing, the steel complex produces three million tons of steel annually. Over the past decade its profit has increased at a rate of 20 percent every year as against the 7.2 percent it should hand over to the state under a contract.

Jakes, accompanied by Beijing Mayor Chen Xitong, watched steel making and coking and talked with the company's party secretary Zhou Guanwu about management and the role of the party organizations in the company.

Praising the company for its successes in reform, Jakes said he was happy to see that the workers are masters of the enterprise.

Jakes Tours Beijing

LD2405220788 Prague CTK in English 1610 GMT
24 May 88

[Text] Beijing May 24 (CTK correspondent)—Czechoslovak Communist Party General Secretary Milos Jakes spent this afternoon among workers of an iron and steel company in Beijing to which he was welcomed by the city's Mayor Chen Xitong.

The metallurgical plant, founded in 1919, underwent extensive modernization in the past 20 years and ranks among the best managed enterprises of this type in China.

Milos Jakes heard that the plant has been operating since 1982 under a system of self-financing. After fulfilling its duties to the state, the plant can keep part of profits 60 percent of which are earmarked for investments into the plant, 20 percent go to the social needs fund and the rest is paid to employees in the form of bonuses.

The parts of the plant Milos Jakes inspected included two control rooms from which production is controlled and supervised by computers. His attention was drawn to fly-ash separators developed and manufactured by the plant.

Milos Jakes, accompanied by Chen Xitong, then went on a short sight-seeing tour of Beijing and was acquainted with the modern Hotel Kunlun completed last year. The 28-story building has a revolving restaurant granting an impressive view of the Beijing panorama. Its roof is the only place in the city where helicopters can land.

In the evening, Milos Jakes spoke at a meeting of the Czechoslovak Embassy staff.

Also today, members of Milos Jakes' entourage had working meetings with their Chinese partners.

Czechoslovak Communist Party Presidium member and Federal Deputy Premier Ladislav Adamec met with Yao Yilin, member of the Standing Committee of the Chinese Communist Party Politburo and deputy chairman of the State Council, to discuss economic and commercial relations between their countries and preparations

for the signing of a long-term agreement on economic and scientific-technological cooperation. The meeting was also attended by Czechoslovak Deputy Minister of Foreign Trade Jiri Nemec.

Meanwhile, Michal Stefanak, head of the Czechoslovak Communist Party Central Committee Department for International Policy, held talks with Zhu Liang, head of the Chinese Communist Party Central Committee Department for International Relations. Jaroslav Molek, head of the Czechoslovak Communist Party Central Committee General Department, met with Wen Jiabao, head of the Chinese Communist Party Central Committee Office. Czechoslovak First Deputy Foreign Minister Jaromir Johanes met with Chinese Deputy Foreign Minister Zhu Qizhen.

Meets Deng Xiaoping

OW2505060888 Beijing XINHUA in English 0530 GMT
25 May 88

[Text] Beijing, May 25 (XINHUA)—Chinese leader Deng Xiaoping today expressed satisfaction with the development of friendly relations between China and Czechoslovakia since the communist parties of the two countries resumed their ties.

"What is past is past. We can develop our friendly relations on a new basis," he told Milos Jakes, general secretary of the Central Committee of the Communist Party of Czechoslovakia, at their meeting here this morning.

Jakes expressed admiration for Deng's work on behalf of the leadership of the Czechoslovak party and government.

He noted that Czechoslovakia and China, though separated by a long distance, face common tasks and problems. The two countries are carrying out similar economic reforms.

Jakes told Deng that Czechoslovakia is striving for democracy so as to let its people become more active in decision-making and change the work style of its central organs.

Deng told Jakes that the 13th National Congress of the Chinese Communist Party last fall replaced the old leadership with a new one, with the veterans going into retirement or semi-retirement.

"Our goal is to really set up a retirement system for party and government officials so that younger people can take leading posts to provide our party and country with more vitality," he added.

Although they are not so well-experienced, Deng said, young people are vigorous, more ready to accept new ideas and better educated in modern knowledge.

Jakes told Deng that Czechoslovakia is also trying to rejuvenate its own leadership.

Deng reiterated that there is no such thing as poor socialism since the goal of socialism is to seek common prosperity.

He asserted that both China's leaders and ordinary people are for the reform and opening to the outside world. There is no conservative faction in China.

"This should be attributed to the disastrous 1966-1976 'Cultural Revolution', which taught the Chinese people an unforgettable lesson. Reform has been carried out smoothly in China simply because the Chinese people are for it. We should carry out reform in the whole process of China's development," he added.

After the meeting, Deng hosted a luncheon for Jakes and his party. Chinese Vice-Premier Wu Xueqian was present.

Meets Li Peng

OW2505083088 Beijing XINHUA in English
0707 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—Chinese Premier Li Peng said here today that the development of the Sino-Czechoslovak economic relations is sound.

Li, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, made this remark at a meeting with Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, here this morning.

Li noted that the 1986-1990 program for Sino-Czechoslovak scientific cooperation and the long-term trade agreement between the two countries are being carried out in a satisfactory manner.

Jakes said that he was pleased to exchange ideas with Chinese leaders on developing ties between the two countries in various fields. Czechoslovakia is particularly interested in economic cooperation with China.

He expressed the hope that Czechoslovakia and China will become better partners in economic cooperation and suggested that the two countries adopt new methods for cooperation.

Li Peng told Jakes that China is turning its highly-centralized planned economy into a planned commodity economy to let the law of value play a greater role.

He said that unreasonable prices in China are a result of the past practice. The core of China's reform lies in price reform, which is risky and should be carried out cautiously.

He said that every step of the reform should be made taking people's adaptability in consideration. Generally speaking, the increase of people's income should be somewhat faster than price rise.

He said that an important task for China today is to increase agricultural production.

Jakes noted that Czechoslovakia is taking part in international division of labor on a broader scale. To promote intensive production and the application of scientific achievements, his country is carrying out economic reform and expanding democracy in social and political life.

Jakes and his party toured the Great Wall earlier this morning.

Jakes Holds News Briefing

OW2505110988 Beijing XINHUA in English
0930 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, expressed the view that the reforms being carried out in China and Czechoslovakia have the similar goal of raising people's enthusiasm for production and improving people's living standard.

In a news conference he gave here today, Milos Jakes talked about the similarities and differences between the reforms in the two countries.

He said both countries maintained that party work should be strengthened in the course of the reform. More power should be given to the grassroots organizations, and issues should be handled by economic means. At the same time the contents and methods of the work of the central organs should be changed so as to create conditions for management by economic means.

Jakes said the two countries agree that only under the leadership of the Communist Party, can socialism achieve further development, adding that the party organizations should not function in the place of the state or economic organizations.

In the reforms, he said, both Czechoslovakia and China are seeking possible ways to raise people's interests in production, solve unhealthy equalitarianism, and form a reasonable price system.

He said that China follows the principles of economic accounting, assuming sole responsibility for profits or losses and autonomy, adding that his country is doing the same.

The difference is that China is carrying out an overall reform, but Czechoslovakia is undertaking a structural reform, he said.

He said the two countries are also different in agriculture. Czechoslovakia believes in large-scale agriculture, and does not intend to change this form, for the situation in agricultural production is good, he added.

However, he said, "We want to change our ways of management. For instance, detailed tasks will no longer be assigned to the agricultural units. And we will not adopt the household contract system in China."

Jakes also talked about views of leaders of the two countries on the international situation and regional issues.

Cooperation Agreements Signed With CSSR
LD2505100188 Prague CTK in English
0915 GMT 25 May 88

[Text] Beijing May 25 (CTK correspondent)—Several agreements boosting Czechoslovak-Chinese cooperation in various spheres were signed today, the third day of Czechoslovak Communist Party General Secretary Milos Jakes's visit to China.

The two sides signed an agreement on the main directions of long-term economic and scientific-technological cooperation, envisaging participation in the reconstruction of enterprises in both countries and in the modernization and setting up of new branches, as well as the founding of mixed enterprises and industrial cooperation. Under the agreement the two sides will also expand goods exchange in 16 spheres involving, for instance nuclear power industry, engineering, agriculture and environmental protection.

An agreement on air transport is designed to boost relations in civil aviation.

The two sides signed also an agreement on the exchange of physicians, university professors, geologists and other specialists.

Beijing Commune Leader Wants Ties With CSSR
OW2505051288 Beijing XINHUA in English
0623 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—The head of a commune in Beijing's eastern suburbs today said that his commune wishes to increase exchanges with the Czechoslovak people.

Wang Deyuan, director of the China-Czechoslovakia Friendship People's Commune, said this while the Czechoslovak Communist Party General Secretary Milos Jakes is visiting China.

The commune acquired its name in 1953 to mark the close relations between the two countries.

Before, the place was called Zhangguozhuang Village.

In an interview with XINHUA, Wang Deyuan said those close relations have never waned.

Czechoslovak leaders made the trek there as one might to a shrine.

Staff at the embassy in Beijing often participated in work in the fields and celebrating the harvest with the 21,800 commune residents.

The commune covers 58.6 square kilometers and has 1,378.7 hectares of cultivated land.

Since 1978, its gross industrial and agricultural income has increased 26 times to 90.2 million yuan renminbi. Average annual per capita income last year was up sevenfold to 882 yuan renminbi.

In the past decade, the commune has built 1,500 rooms, and set up 169 enterprises.

Wang said the contract responsibility system has helped, since it has let farmers work on their own land under contracts signed with the local government.

He said the commune cherishes a special feeling for the Czechoslovak people, a feeling that is shared as much by the young as it is by the old.

Economic Cooperation To Expand With Poland
OW2105031488 Beijing XINHUA in English
0050 GMT 21 May 88

[Text] Warsaw, May 20 (XINHUA)—China and Poland will expand their economic cooperation this year through compensation trade and the setting up of joint ventures.

A summary signed here today at the fourth session of the Sino-Polish joint commission for economic, trade, scientific and technological cooperation said both country's trade departments should fulfill the agreed-upon volume of trade between them—about 1.7 billion U.S. dollars—this year.

Both sides also discussed ways of expanding scientific and technological cooperation, the summary said.

Impact of Strikes on Reform in Poland
HK2405091488 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 21, 23 May 88

[Special dispatch from Warsaw by Wen Youren (3306 2589 0088): "Poland's Reform Boat Rocked by Waves of Strikes"]

[Text] The second stage of reform in Poland, which was launched last January, has not been proceeding smoothly. Recently it has overcome the first wave it came across and withstood the impact of strikes. Now the wave of strikes has basically subsided.

This wave of strikes was triggered off by a 12-hour strike launched by communications workers in two cities of Bydgoszcz Province on 25 April. Then, the workers at the Krakov Lenin Iron and Steel Works and the Gdansk Lenin Shipyard also went on strike. Most of the strikes

lasted 1 to 2 days. Meanwhile, Warsaw University and several other universities and colleges also staged short strikes in support of the workers.

The strikers demanded a substantial increase in wages. And, taking this opportunity, activists of the banned Solidarity Trade Union and other opposition forces called for "legalization of Solidarity" and raised other political slogans.

This wave of strikes was in fact touched off by the drastic rise in commodity prices this year.

The economic reform that was started in Poland in 1982 reinvigorated the country's economy which had been faced with a serious crisis in the early 1980's. On the whole, however, the reform was not quite successful. An important reason for this is that many new economic mechanisms cannot function as expected because of the coexistence of both the new and old structures. Last year, the Polish authorities put forth a program for the implementation of the second stage of rapid, radical, and overall reform. The draft of this program failed to secure endorsement of over half of the voters during a public vote held last November. The reform of the price structure had originally been designed to be "accomplished at one stroke." But, in view of the voters' tendency, the authorities decided to extend the implementation process to 3 years and slow down the pace in introducing other relevant reformatory measures, but uphold the general guideline aiming at a thorough reform.

According to the original draft of the program, the average price level was to rise by 40 percent in 1988, where the price of staple foodstuffs is to rise by 110 percent. After revision, the average price rise is now lowered to 27 percent. With the 36-percent increase in commodity prices last year taken into account, the expected rise in the price of foodstuffs will be 40 percent. But, as there are more commodities to be sold at negotiated prices this year and some enterprises have already raised the prices of their products by a wide margin, the first quarter of this year has witnessed a 42 percent rise in commodity prices. Meanwhile, enterprises have raised the wages substantially, leading to an average increase of 45 percent in the country's wage level in the first quarter. As pointed out by Sadowski, vice chairman of the Polish Council of Ministers in charge of economic reform, people usually notice the rise in prices first but turn a blind eye to the increase in their income. So the price rise has aroused strong grievances among the masses.

The public discontent is also due to a more profound cause—some people are losing their confidence in the reform. The Polish authorities had pointed out that the reform would be a long process which would produce economic benefits only after a whole package of reforms in the legal, financial, and organizational aspects was completed; that remarkable economic results would only be seen in 2 to 3 years; and that the public would have to

endure a hard life during the reform. Now that the first stage of the reform has not scored substantial results and people's income even decreased last year, some people are losing their confidence in any possible improvement to be made in the next 2 or 3 years. A public opinion poll conducted earlier this year showed that 47 percent of the interviewees believed that the situation would be still worse this year than last year. Sadowski pointed out on 22 April: The public's anxiety and their present attitude toward the reform of the economic structure are the major threats against the economic reform. More than 2 months ago, (Keweyatekefusiji) [0344 4850 0068 3676 4430 1133 2448 1015], director of the government-run Public Opinion Poll Center, pointed out: Most families are now having a hard time, the situation is going from bad to worse, and the public's confidence in the political establishment is declining—the present domestic situation is, to a certain extent, similar to that before 1980. An opinion survey conducted before 1980 indicated that 60.7 percent of the interviewees thought it was possible that open social conflicts would burst out in Poland in the following few years. Thus it can be seen that it is by no means surprising the opposition forces have stirred up social turbulence by making use of this year's second round of price increases initiated on 1 April.

The reason why this latest wave of strikes failed to gain further ground but subsided very soon was because the strikes failed to secure extensive public support and the Polish authorities took a clear-cut stand and adopted some resolute measures.

Most Poles still have a fresh memory of the serious economic recession and the decline of the living standards that immediately followed the wave of strikes in the early 1980's, and they just do not want to see such a situation occur again. According to a public opinion poll conducted on 2 May, 61 percent of the interviewees thought the strike would result in a decline in the living standards, while 50 percent held that it was wrong to resort to strikes. The 7 million-strong National Council of Trade Unions issued a statement on 5 May to express its "firm opposition to irrational strikes" and to the attempt by "politicians of different kinds" to make use of strikes in their own interests. The Polish National Federation of Agricultural Organizations also issued a statement on 6 May, declaring that "the peasants wish to produce foods for the Polish people in a peaceful environment." The church also maintains that a solution to the problem should be sought through dialogue.

Polish leader Jaruzelski on 1 May expressly declared: "We will never halt before the boycott by the conservative forces which are opposing the reform, nor will we shrink back under the strong pressure exerted by the adventurist and destructive forces;" "Poland will never deviate from the line of openness, democratization, and mutual understanding between nationalities, nor will it return to the chaotic and anarchic state." Acting according to law, the Polish authorities have taken some coercive measures to terminate the strike

waged by workers of the "Iron Will" Plant, an enterprise engaged in arms production. After repeated warnings were proved ineffective, the authorities ordered the police to arrest 38 backbone strike organizers at Lenin Iron and Steel Works on the ninth day of the strike, thus bringing the plant back to normal operation. As for the case of Lenin Shipyard, the management decided to temporarily close the shipyard and let the workers stay on leave with pay.

Some local authorities have made appropriate decisions to satisfy workers' demand for pay increases. Sadowski noted: As far as the wages are concerned, the central government has delegated the decisionmaking power to enterprises and local people's assemblies which are to resolve the wage issue on their own. He said: The government can make no concession on this issue. Any concession on this issue will imply abandonment of the reform and the state's development policy. Jaruzelski emphasized that "the principle and mechanism of reform brook no destruction." The Bydgoszcz provincial authorities already decided to raise the hourly pay for urban communications workers from 117 to 132 zlotys, and the increase in the expenditure resulting from the pay raise will be paid off by an increase in travelling fares and a budgetary appropriation by the provincial government.

In order to ensure that the reform will proceed smoothly, the Polish National Assembly on 11 May adopted a special power bill which authorizes the government to

freeze commodity prices and wages and to take appropriate action against any people (including workers and administrative personnel) who hamper the reform. The bill will be valid until the end of this year.

On 6 May Jaruzelski said: "It is by no means easy to introduce a genuinely profound reform as such a reform may encounter objective and subjective opposition from within and without," but "we are determined to carry on the reform." It is widely expected that the Polish authorities would be able to overcome all difficulties which constantly arise and would finally lead the reform to victory.

Latin America & Caribbean

Zou Jiahua Meets Chilean Minister of Energy
OW2405144788 Beijing XINHUA in English
0832 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Zou Jiahua, Chinese State Councillor and minister of machine-building and electronics industry, met here today Don Herman Brady Roche, Chilean minister of energy and president of the Chilean Nuclear Energy Commission, and his party.

The Chilean visitors are here as guests of Jiang Xinxiong, general manager of the China Nuclear Industry Corporation.

They have visited Chinese nuclear research institutes and facilities, and talked with Chinese officials on cooperation between the two countries in the nuclear field.

Practice Criterion Discussion Continues in Media

Commentator's Article

HK2505000188 Beijing HONGQI in Chinese No. 9,
1 May 88, pp 2-7

[Commentator's Article: "Emancipation of the Mind and Criterion of Practice—Written To Commemorate the 10th Anniversary of the Discussion on 'Practice Is the Sole Criterion for Testing Truth'"]

[Text] As compared with the previous centuries, a major characteristic of China's history in the 20th century is the spread of Marxism, which has profoundly influenced and will continue to influence China's historical process. There were two great leaps in the combination of Marxism with China's practice. The first leap occurred in the period of the new democratic revolution; and the second leap occurred after the 3d Plenary Session of the 11th CPC Central Committee. The two great leaps were both brought about by and accompanied by a mental emancipation movement. If we say that the mental emancipation movement represented by the "May 4 Movement" marked the beginning of the first great leap in the combination of Marxism with our country's practice, then the mental emancipation movement represented by the discussion on "practice being the sole criterion for testing truth" in 1978 marked the beginning of the second great leap in the combination of Marxism with our country's practice. Now we can more and more clearly see the important historical significance of the discussion on the truth criterion in the process of the combination of Marxism with China's practice.

Today, the discussion on "practice being the sole criterion for testing truth" has passed for 10 years. The best way to commemorate it is to further advance the mental emancipation movement started by this discussion so as to further emancipate people's minds and emancipate the productive forces under the guidance of the spirit of the 13th party congress.

I.

On 11 May 1978, GUANGMING RIBAO published a special commentator's article entitled "Practice Is the Sole Criterion for Testing Truth," whose full text was dispatched by the XINHUA NEWS AGENCY on the same day. On 12 May, RENMIN RIBAO and JIEFANGJUN BAO reprinted this article. Then, it was reprinted by newspapers in most provinces, autonomous regions, and municipalities. What is the criterion for truth? Should the criterion be practice, or the "supreme instructions," or political power? A debate over this issue were then unfolded throughout the country on a large scale. The huge impact and the intensity of this debate went far beyond people's expectations. As we all know, this debate ended with the full victory of the truth of Marxism in the theoretical, ideological, and political fields.

The philosophical proposition which was the epitome of mankind's civilization and wisdom built up in the past thousands of years and which represented a simple and common truth led to a debate which evoked strong repercussions in society and attracted strong interest among the people, thus becoming the prelude to a new movement of mental emancipation. This was an event that was rarely seen in history. The happening of such an event was never accidental. Its inevitability existed deeply in our country's history since socialism was established in China, and existed deeply in the process of the changes in the contemporary social and political contradictions in our country.

In the mid-1950's, China entered the initial stage of socialism. The exploiting classes, as a class entity, were eliminated, and the class contradiction was no longer a major social contradiction. However, the supreme leader of our party held that the theory of historical materialism, which was revealed by Marxism as a general law governing the development of human society, was a theory about class struggle; and because the party was always engaged in waging and leading class struggle for a few decades and was used to approaching all social contradictions from the viewpoint of class struggle. In the new historical stage, it was still held that the viewpoint of class and class struggle should be used to "observe and analyze everything" (in fact, even in class society, the viewpoint of class and class struggle can only be used to explain the phenomena of class and class struggle). As a result, social and political contradictions and other contradictions which were not class contradictions were still treated and handled as class contradictions; and the class contradiction which only existed in a certain scope was regarded as the main social contradiction. This theoretical and guideline mistake caused serious and long-standing errors in our practice work. Things developed as Comrade Deng Xiaoping described: "From 1957, our main mistake was 'leftism,' and the 'Cultural Revolution' was a demonstration of ultra-leftism" (quoted from "Comrade Deng Xiaoping's important speech" p 32). When the "leftist" mistakes developed, personality cult and dogmatism also became prevailing, and reached a degree of religious fanaticism during the "Cultural Revolution." The ultra-leftist trend of thought which had been deified and which had become theory shrouded and ruled the thinking of the Chinese people like a huge specter. After the Jiang Qing Counterrevolutionary Clique was crushed, the people strongly demanded that the "Cultural Revolution" and other "leftist" mistakes before it be corrected. But, first of all, they demanded that the reputation of the Tiananmen Square Incident and Comrade Deng Xiaoping be rehabilitated. However, the leader who was then in charge of the work of the central authorities put forward an erroneous idea of "two whatevers" (that is, "we must resolutely maintain whatever policies made by Chairman Mao, and constantly follow whatever instructions issued by Chairman Mao), and tried hard to suppress the people's demand.

Comrade Deng Xiaoping took the lead in criticizing the idea of "two whatevers." He put forward an opposite viewpoint, that is, it is necessary to accurately understand the whole system of Mao Zedong Thought in an overall way. He pointed out that the essence of Mao Zedong Thought found expression in the idea of "seeking truth from facts." This brilliant idea was quickly understood and accepted by the vast number of cadres and ordinary people. The people more and more strongly, urgently, and extensively called for redressing the wrongs, reversing the wrong verdicts, and correcting "leftist" mistakes. However, the then leader who stuck to the idea of "two whatevers" quoted the "supreme instructions" one after another to obstruct and delay the work of redressing the wrongs and correcting "leftism" in various fields. The struggle practice brought people's thinking to a higher level: We cannot merely argue about concrete matters; instead, we must first see whether the "policies" and "instructions" were right or wrong, and must have a clear idea about the criterion for distinguishing the right from the wrong in theory and in the general guideline.

Thus, the discussion on the issue of the criterion for truth was unfolded in the newspapers. The proposition that "practice is the sole criterion for testing truth" was warmly and sincerely supported by the vast number of cadres and the masses as soon as it was put forth. However, it was strongly opposed by those who stuck to the idea of "two whatevers." At the crucial juncture of the struggle between people who adhered to the practice criterion and people who upheld the idea of "two whatevers," Comrade Deng Xiaoping displayed his great courage and made a series of important speeches to give resolute support to the significant discussion on the criterion for truth. Then, the discussion was quickly spread to all parts of the country. The Marxist thesis that "practice is the sole criterion for testing truth" was then gaining irresistible momentum, and thoroughly destroyed the mental shackles of "two whatevers." This greatly emancipated the minds of the whole party and the whole nation.

Comrade Deng Xiaoping pointed out: The appearance of the idea of "two whatevers" was not an accidental and isolated event; instead, it represented a trend of thought. Similarly, the nationwide debate about the criterion for testing truth and the opposition of the idea of "two whatevers," were neither accidental nor isolated. Instead, they represented the inevitability in the development of China's contemporary history and in the development of the social and political contradictions.

In his speech at the central working conference which made preparations for the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping highly valued this discussion which was of great political significance and of far-reaching historical significance. He said:

"Without breaking the ossification of thinking and without greatly emancipating the minds of the cadres and the masses, we will not be able to realize the four modernizations.

"When everything has to be done by the book, when thinking turns rigid and blind faith is the fashion, it is impossible for a party or a nation to make progress. Its life will cease and that party or nation will perish." "In this sense, the debate about the criterion for testing truth is really a debate about ideological line, about politics, and about the future and the destiny of our party and nation." ("Selected Works of Deng Xiaoping" p 133)

Things were indeed so—

This debate made full mental preparations for the realization of the great historical shift at the 3d Plenary Session of the 11th CPC Central Committee and for the reestablishment of the Marxist ideological, political, and organizational lines.

This debate laid a solid ideological foundation for the systematical correction of the guidelines in all fields and the "leftist" mistakes during and before the "Cultural Revolution."

This debate provided a theoretical precondition for reforms, opening up, and the creation of a new situation in socialist modernization after the third plenary session.

This debate set a good example and broke the path for us to break through the long-standing mental shackles of treating Marxism, the theoretical guideline for our guideline, as sacred and rigid dogmas, and to use a scientific attitude to treat Marxism, thus abandoning the old ideas and theories which were not in line with the practice and creating new notions and theories which are in line with the practice.

II.

The discussion on the criteria for judging truth that took place 10 years ago was only the beginning of the great ideological emancipation movement. The 10 years since the discussion have been 10 years of bringing order out of chaos, 10 years of reforming the old and bringing forth the new, 10 years of overall reform and overall construction, and 10 years of constantly emancipating the mind. The emancipation of the mind is a prelude to a social change. Without the emancipation of the mind, the great victory in bringing order out of chaos would have been impossible, nor would have the glorious achievements in overall construction been possible. The emancipation of the mind over the last 10 years has played an immense role in pushing history forward. As summed up by the 13th congress report, in the course of reunderstanding socialism, the party has developed a series of scientific theories and viewpoints concerning philosophy, political economy, and scientific socialism. These are the achievements of emancipating the mind.

Although the course of emancipating the mind over the last 10 years has been full of twists and turns, its general trend is heading forward. Under the ideological guidance of emancipating the mind and seeking truth from facts established by the 3d Plenary Session of the 11th CPC Central Committee, the ideological emancipation movement, portraying the personal interests and strong desires of the people, has fallen into line with the trend of the era, coincided with the general development of history, and continued to move forward, despite frantic worships of some authoritative individuals, despite the serious influence of dogmatism, despite heaps of obstacles from the "left," and despite all sorts of interference. We have made breakthroughs and established new concepts as follows:

—We have broken through the outmoded concept that maintains socialism has only one mode. We have established a new concept that different modes will appear in the course of combination between socialist principles and different national conditions and that we should take our own road in building socialism with Chinese characteristics.

—We have broken through the outmoded concept of making a superadvanced appraisal of historical development. We have established a new concept that China is still in the initial stage of socialism and that we should proceed from this basic national condition in carrying out reforms and construction.

—We have broken through the outmoded concept of taking class struggle as the key link, giving prominence to politics, and regarding ideological differences more serious than everything else. Instead, we have established a new concept that we should develop the productive forces, practice socialist democratic politics, carry out spiritual civilization, and build socialism with emphasis on economic construction.

—We have broken through the outmoded concept under which we regarded the theories and tentative ideas of the founders of Marxism as our program of action and blueprint for construction, strove for the establishment of a single form of socialist ownership by the whole people, and tried to escalate the nature of this ownership; we have established a new concept of taking socialist public ownership as the main body while allowing other ownership forms to coexist with it as necessary and useful supplements.

—We have broken through the outmoded concept of contradicting socialism with commodity economy, planned mechanism with market mechanism. In its place we have established a new concept that the socialist economy is a planned commodity economy under public ownership, that planned mechanism does not contradict

market mechanism, that regulation through state planning is based on the law of value, that the law of value plays a regulatory role under the guidance of state plans, and that the state regulates the market whereas the market guides enterprises.

—We have broken through the outmoded concept of taking democracy only as a means and have established a new concept that democracy is an inseparable part of socialism and that without democracy there can be no socialism.

—We have broken through the outmoded concept of mixing the government with the party and government administration with enterprise management, and have established a new concept of separating the government from the party and government administration from enterprise management.

—We have broken through the outmoded concept of putting the development of socialist society on the basis of "continuing the revolution under proletarian dictatorship" or on the basis of "making continuous revolution under socialist conditions"; we have established a new concept that socialist society is a society advancing in the course of reform, that reform is the basic form and an important force propelling socialist society forward, and that reform is the self-perfection and self-development of socialism.

—We have broken through the outmoded concept of contradicting socialism with humanism and of belittling the value and principal role of man, and have established a new concept that lays emphasis on the necessity to propagate and practice socialist humanism and to give wide publicity to the value and principal role of man.

And so on and so forth.

In the new concepts established here, the most important and significant one is the theory of initial stage of socialism. The vigorous development of a socialist commodity economy is the inevitable result of the theory of initial stage of socialism, while the overall reform, namely, the reform of the economic, political, cultural, education, scientific, and technological structures, is inevitably required by the vigorous development of a socialist commodity economy. We should have a firm grasp of this basic theory which serves as the guidance to our reform and construction.

The elimination of old concepts and establishment of new ones originate from the practice of reform and construction over the past decade and in turn it also serves as the theoretical mainstay and ideological force giving impetus to reform and construction.

Here we have made a preliminary summarization and explanation of the course of emancipation of minds carried out over the past decade, the ideological and

theoretical successes achieved, and their great significance to reform and construction. However, our meditation cannot stop here. We can gain enlightenment for further emancipating our minds in the future from a review of the emancipation of minds carried out over the past 10 years.

Why was the theory of the "great cultural revolution" which dominated people for 10 years promptly abandoned in the discussion of "practice is the sole criterion of truth"? Because this theory completely fell through in practice. Why could the system of contracted responsibility based on households with payment linked to output which ran counter to the traditional pattern of "larger size and a higher degree of public ownership" be quickly popularized in the rural areas? Because practice vividly manifested its immense superiority. Why could a breakthrough be made in the traditional concept which set socialism against a commodity economy and which restricted and puzzled people's thinking for a long time since the international socialist movement? Because practice since the October Revolution of the Soviet Union and the founding of the PRC has proved that unity must and can be reached between socialism and a commodity economy. Why could the idea of overall reform be accepted by the whole party and nation? Because the defects of the old system have been exposed in practice. Why could the broad ranks of cadres and masses understand and master the theory of initial stage of socialism systematically expounded in the report to the 13th party congress? Because this theory entirely conforms to the actual situation of China's social history and reality experienced by people in practice. We can draw the following incontestable conclusion from a review of emancipation of minds carried out over the past decade: The criterion of practice is a magic weapon for emancipating our minds. All ideological conventions that restrict people's minds can be eradicated and smashed through the test of practice; and all theories that run counter to practice, irrespective of their authority and no matter how many people supported them, can be corrected and eliminated through the test of practice. Factual logic is better than theoretical logic and practical strength outstrips theoretical strength. Practice has a direct, realistic character as well as a universal character. Marx said: "All mysteries which lead theory to mysticism find their rational solution in human practice and in the comprehension of this practice" ("Selected Works of Marx and Engels," Vol 1, p 18). The ideological establishment of the criterion and authority of practice among the broad ranks of cadres and masses has opened up broad prospects for emancipation of minds.

III.

Comrade Deng Xiaoping pointed out that the 13th party congress has further emancipated the minds of the party and the people and will further emancipate the productive forces.

The 13th party congress summed up the theoretical and practical successes of emancipation of minds since the 3d Plenary Session of the 11th CPC Central Committee and systematically set forth and expounded the theory of initial stage of socialism. This theory correctly defined the current position of China's socialist movement, set forth the realistic starting point for our socialist construction and reform, theoretically proved the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, flatly pointed out that China can only follow this policy rather than any other one, provided the criterion for preventing and avoiding "leftist" and rightist deviations, particularly the "leftist" deviation, and laid down the new theoretical basis for seeking unity of ideological understanding within and outside the party. This theory constitutes the basic summary of the achievements of emancipation of minds carried out since the 3d Plenary Session of the 11th CPC Central Committee as well as the new starting point for us to further emancipate our minds. As pointed out in an editorial of a foreign newspaper issued just after the 13th party congress, the theory of initial stage of socialism has "provided people with a brand new, wide field of vision."

Ideological emancipation consists of different contents at different historical stages. Fundamentally speaking, the ideological emancipation we are talking about now refers to the emancipation from the super-period ideological pattern and the emancipation from the super-realistic beautiful illusions. This means that we should return to earth from heaven, return to the realistic basis that our country is still at initial stage of socialism, and return to realistic situation of the productive forces in this historical period. This is the fundamental change in the starting point of our theory and practice. We must take productive forces as the basic starting point in observing and solving questions. Therefore, all the things which hinder the development of the productive forces should be negated, eliminated, and replaced whereas all the things which push forward with the development of the productive forces should be affirmed, perfected, and popularized. Thus, our ideological emancipation touches upon a lot of aspects. And we need to smash a lot of ideological trammels in the course of our ideological emancipation. At present, the most important thing is that we should free ourselves from the ideological concept which ignores the actual situation of our country's productive forces and regards the abstract socialist principles as the criterion for judging the advantages and disadvantages of our structure and for judging the success or failure of our reform.

Since the 3rd Plenary Session of the 11th CPC Central Committee, we have further pushed forward with the reform step by step. The reform has also greatly promoted the development of the productive forces. However, whenever a new reform measure is put forward, experimented on, or popularized, there are always some ideological and theoretical differences and disputes

among us. The implementation of the system of contracted responsibility on the household basis with remuneration linked to output, the emergence of individual economy and private economy, the establishment of the Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and enterprises with exclusive foreign investment, the experiment on and popularization of the practice of separating the ownership from the management right in the state-run enterprises, the opening up of the markets for the means of production, technology, information, funds, labor services, real estate, and so on, the introduction of the mechanism of competition, the practice of formulating our economic plans on the basis of the commodity economy and the law of value, the separation of the functions of the party from those of the government, and so on have all caused disputes on whether the above mentioned reform measures are socialist in nature or capitalist in nature and have all caused disputes on the question concerning the "orientation" and the "road" [The socialist or capitalist orientation, and the socialist or capitalist road]. However, if we carefully analyze these disputes, we can easily find that those comrades, who have doubts or hold negative views towards the above mentioned reform measures, always try to compare these reform measures with the abstract socialist principles in their own minds to see whether or not these reform measures can conform with those abstract socialist principles which were formed under certain historical conditions. When thinking about questions, these comrades do not try to see whether these reform measures have pushed forward with the economic prosperity and the production development (This is because the good results of these reform measures are obvious to all and are undeniable). Those abstract principles in their minds do not originate from their own doctrinal understanding of the scientific socialism, but originate from something which has been wilfully added to the nature and attribute of socialism. Therefore, these abstract principles have strong utopian coloring and utopian components. Thus, to draw a clear line of demarcation between the scientific socialism and the utopian socialism is necessary and conducive to our further ideological emancipation.

The socialist theory founded by Marx and Engels is different from utopian socialism. The socialist theory founded by Marx and Engels is a scientific theory. The reason we say that the socialist theory founded by Marx and Engels is scientific is because, fundamentally speaking, the socialist theory founded by Marx and Engels does not proceed from morality, ideals, good wishes, the concept of equality, and eternal reason, and does not regard socialism as the "public" kingdom which is not based on the realistic situation of the productive forces. On the contrary, the socialist theory founded by Marx and Engels bases the emergence of socialism, the evolution of socialism from one stage to a higher stage, and the development of socialism into communism entirely on the development of the social productive forces. The fundamental difference between the scientific socialism

and the utopian socialism is whether the social productive forces are regarded as the basic starting point in theory and practice or not. If it is true that the founder of Marxism found historical materialism (together with the theory of surplus value) and turned socialism from a utopian theory into a science after discovering, in the complex organism of the entire human society, that the productive forces are the most decisive force in the society, then we can say that to ignore the importance of productive forces will certainly turn socialism from a science into a utopian theory.

Just as in the theory of knowledge Marxism attaches primary importance to practice, in the conception of history Marxism also places the productive forces in the first place. Marx pointed out: The productive forces are the basis and starting point of history (see "Complete Works of Marx and Engels," Vol. 46, book 2, p 361). Fundamentally speaking, historical materialism is the historical monism of the social material productive forces. Lenin pointed out: "Regarding the world and humanity materially, Marx and Engels perceived that just as material causes underlie all natural phenomena, so the development of human society is conditioned by the development of material forces, the productive forces" ("Selected Works of Lenin," Vol. 1, p 88). Lenin held that the conditions of productive forces are the principal criterion of social development as a whole (see "Complete Works of Lenin, Vol. 32, p 224). By placing the criterion of the productive forces in the first place the report to the 13th party congress has brilliantly upheld the Marxist fundamental viewpoint and further deepened and stimulated an ideological emancipation movement with the discussion on the criterion of truth as the beginning. Contrary to historical idealism, which takes as its criterion abstract socialist principles deviating from the conditions of the productive forces, the report to the 13th party congress emphatically pointed out: Helping to expand the productive forces should become the point of departure in our consideration of all problems and the basic criterion for judging all our work should be whether it serves that end. Why is it so? This is because our ability to make China prosperous and strong, to make the people rich, to make education, science, and culture flourish, to consolidate and expand public ownership and the state power of people democracy—in a word, our ability to take full advantage of the superiority of socialism and to steadily enhance its appeal—hinges, in the final analysis, on the growth of the productive forces. In upholding socialism, the first and fundamental thing to do is to devote ourselves to the growth of the productive forces. We must extricate ourselves from the rigid concept of chattering about abstract socialist principles in deviation of the productive forces.

We have expounded above the main contents of the current emancipation of the mind. Here it is also necessary to point out the political environment and social conditions needed for the emancipation of the mind. Comrade Deng Xiaoping pointed out: "Democracy is an

important condition for the emancipation of the mind" ("Selected Works of Deng Xiaoping, p 134). Just as beautiful flowers in nature can only bloom in a suitable climate, spiritual flowers can only be in full bloom in an environment of ideological freedom. Heinrich Heine said: The German classical philosophy represents "an important flower of world significance bursting from ideological freedom" (Heinrich Heine: "On the History of German Religions and Philosophies," p 42). In truth, all theoretical achievements have been attained in this way. The liveliness of a social idea, the launching of contention, and the prosperity of a theory cannot depart from an environment of ideological freedom.

Today's world is characterized by a rapidly growing revolution in technology, increasing intense market competition, and a volatile political situation. The labor productivity of our country is only several percent of that of the developed countries and our GNP lags behind many other countries in the world on a per capita basis. Many developing countries have overtaken us in economic development. We are faced with formidable and pressing challenges. We must rouse ourselves, quicken our pace, and do all we can to catch up. However, reform, opening up, and building socialism with Chinese characteristics are an arduous, pioneering undertaking of innovation. New conditions, new things, and new issues are emerging one after another. Many unknown fields are yet to wait for our bold explorations. The new era and the new tasks demand that we should open up our fields of vision, create new concepts, and enter a new realm. However, a dogmatic understanding of Marxism and the wilfully-attached principles often perplex us, the concepts which have developed on the basis of natural economy and rigid structure and which are not suited to the development of the planned commodity economy tightly shackle us, the negative factors in the feudal traditional culture over the past several thousand years tightly fetter us, the "leftist" and right tendencies, especially the "leftist" tendencies formed over the years, frequently obstruct us, and various one-sidedness and limitations often lead us astray. The 2d Plenary Session of the 12th CPC Central Committee called on the whole party to further emancipate the mind, pointing out clearly the key to opening up the way to continued advance in our reform and construction and carrying forward the fundamental spirit of the 13th Party Congress. Comrade Zhao Ziyang pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, "ideological emancipation has brought the liberation of the productive forces. In the future, further liberation of the productive forces will still depend on further emancipation of the mind." Under the guidance of the basic line laid down by the 13th Party Congress, let us lead to a higher stage the ideological emancipation movement with the discussion on the criterion of truth as the beginning, push forward reform and opening up, and stimulate the greater and better growth of the productive forces.

Paper Comments

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in Chinese 10 May 88 p 3

[Article by Gong Yuzhi (7895 5148 0037): "A New Point of Departure for Emancipating the Mind"]

[Text] A period of 10 years is not short in modern history. A review of the last 10 years indicates that the discussion on the criteria for judging truth that started 10 years ago is really of far-reaching historic significance. The criteria for judging truth fall into the category of philosophy. The discussion on this philosophical issue should be recorded in modern Chinese philosophical history, in the history of Marxist development in China, in the history of the CPC, and in the history of the PRC.

On the occasion of the first anniversary of the discussion on the criteria for judging truth, Comrade Zhou Yang wrote an article equating this discussion and the emancipation of the mind that started with the 3d Plenary Session of the 11th CPC Central Committee to the May 4th Movement and the rectification campaign in Yanan. The article also called the discussion and the emancipation of the mind the "third great ideological emancipation movement." This very important conclusion indicates his historical farsightedness.

There have been quite a number of discussions in recent years on how to appraise the May 4th Movement. Questions that have been raised include: "Did the May 4th Movement cause a cultural rift?" "Was the movement a dual performance of salvation and enlightenment?" It is good for people to have a profound understanding of the May 4th Movement through airing different and even opposed views in the course of these discussions. During the May 4th Movement, many people's minds were emancipated from the bonds of obstinate feudal ethics, old morality, and old ideas. The movement strongly pounded old ideas and blazed a trail for new ones. The backbones of the Chinese people chose Marxism from among complicated new ideas. Thus Marxism began to grow on Chinese soil, foster its own contingent, and have more and more influence. This was the first victory of Marxism in China.

What were the shortcomings of the May 4th Movement? As Comrade Mao Zedong said, at that time there was formalism in the ideological field, some developing toward right deviation and some toward "leftism," which finally led to dogmatism in the party. This dogmatism ran counter to the emancipation of the mind during the May 4th Movement and was also the continuation of the negative aspects of the movement. The historical task of party style rectification in Yanan was to emancipate the minds of party members, and leading cadres in particular, from the habit of dogmatizing Marxism and of making Soviet experience and international decisions sacred. Apart from hoisting their own banner and forming their own contingent, Marxists at that time were also required to combine Marxism with China's specific conditions. Dogmatists could not solve this problem. Comrade Mao Zedong solved it during party style rectification in Yanan. This was the second great ideological emancipation movement after the May 4th Movement. It led to the victory in the war of resistance against Japanese aggression, to the victory in the liberation war, to the establishment of the PRC, and to the setting up of the socialist system. This was the second victory of Marxism in China, and a great victory, too.

Were there shortcomings in party style rectification in Yanan? Many people are discussing this problem now. Some people have even referred to the rectification as a "rescue movement." Through party style rectification in Yanan, the entire party achieved unanimity of understanding on establishing Mao Zedong Thought as the party's guiding principle and on Mao Zedong's road being the road of victory for the Chinese revolution. This corresponded to historical facts and was of great significance. But did it conceal the factor for personality cult that developed in later years? This can be discussed. However, the fact is that personality cult existed before the "Cultural Revolution" and reached a climax during the "Cultural Revolution." This ran counter to the spirit of party style rectification in Yanan aimed at combating dogmatism and emancipating the mind and was also a negative factor conceived by the rectification. Thus there was a need for the 3d Plenary Session of the 11th CPC Central Committee to initiate the third great ideological emancipation movement. The historical task of this ideological emancipation movement was to emancipate the party's mind from personality cult, from the bonds of the "two whatever's," and from the habit of dogmatizing Comrade Mao Zedong's instructions and policies. This movement has brought about a great change and a new situation over the last 10 years.

Emancipation of the mind over the last 10 years has been constantly developing. In the beginning, it was aimed at criticizing some ideas that emerged in the "Cultural Revolution," such as "continuing the revolution under proletarian dictatorship" and "taking class struggle as the key link." Order was brought out of chaos in these areas. Emancipation of the mind became more profound with the institution of reform. Apart from criticizing the guidelines for the "Cultural Revolution," it also dealt with the socialist mode we accepted during the 17 years before the "Cultural Revolution." The 13th congress summed up 12 theoretical views concerning building socialism with Chinese characteristics and explained the theory on the initial stage of socialism, thus becoming a new point of departure for further emancipating the mind.

Why was it a new point of departure? As I see it, there are three indications.

The first indication is that emancipation of the mind has proceeded in depth. The 13th congress raised the issue of reunderstanding socialism, because of the profound development of reforms.

Reform has developed from the rural areas into the urban areas, and overall economic structural reform focusing on the cities has developed into economic, political, and cultural structural reforms. Structural reform has developed more profoundly and extensively, as has emancipation of the mind. Therefore we are required to reunderstand socialism from the economic, political, and cultural angles, from the angle of the basic

task, basic impetus, and basic characteristics of socialism, from the angle of different socialist development stages, from a comparison between capitalism and socialism, and from the international environment.

The second indication is that theoretical achievements have been made in emancipating the mind. The 13th congress explained the theory on the initial stage of socialism, thus bringing about a theoretical leap in people's understanding of the basic national conditions and of the line laid down by the 3d Plenary Session of the 11th CPC Central Committee. Under this theoretical guidance, reforms have entered a more conscious stage and emancipation of the mind has ushered in a new period.

The third indication is that there are more explicit criteria for emancipating the mind. The 13th congress report put the criteria for judging the productive forces in the first place. This is the specific expression of the concept of practice being the only criterion for judging truth and is also the unification between the historical materialist principle on the productive forces and the dialectical materialist principle on the theory of understanding.

The 13th congress pointed out that there should be great development for Marxism and that this is the great trend of the era. If we say that the first victory of Marxism in China was its propagation and the second victory was its success in guiding the Chinese revolution, then the success of Marxism in guiding China's socialist modernization will be its third victory in our country.

Senior CPC Leader Urges Stronger Ideological Work
OW2505075788 Beijing XINHUA in English
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[Text] Beijing, May 25 (XINHUA) — Ideological and political work must be improved and strengthened to serve China's modernization drive, the "PEOPLE'S DAILY" today quoted a senior Chinese Communist Party (CPC) leader as saying.

Rui Xianwen, a member of the Secretariat of the CPC Central Committee, said the party cannot rely simply on imbuing people with ideas.

With the deepening of reform and the emergence of new contradictions, people will naturally have many ideological problems, Rui said in a speech Tuesday at the first annual meeting of the China Society for Ideological and Political Work Among Medical Workers.

He quoted top Chinese leader Deng Xiaoping as saying that reform plus ideological and political work will produce a greater impact.

Ideological and political work should never be discarded, he said.

He said that separation of party and government functions and introduction of the factory director responsibility system in no way diminishes the importance of party work.

Sai J Rui: "In carrying out the reforms, personnel and functions will be readjusted, but we must not weaken ideological or political work."

Academic Comments on 'Initial Stage Theory'
HK1005015388 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 25 Apr 88 pp 1, 3

[Report by reporter Zhang Weiguo (1728 0251 0948):
"Su Shaozhi Gives a Candid Talk Before Leaving for
Britain for a Study Tour"]

[Text] When talking with Mr Su Shaozhi, you will not have a feeling of estrangement. On the contrary, you will be immediately affected by his strong passion. The academic, who has been the news on several occasions, has consistently been "concerned about the land under heaven."

One Saturday afternoon in early spring, I eventually had the opportunity to visit Mr Su. After sitting down in his reception room, Mr Su first asked me for recent news about SHIJIE JINGJI DAOBAO and then asked after various friends he knows very well. Then in talking about himself, Mr Su, who was sitting on a sofa, patted his knees, saying that he had tripped and fallen some time ago and injured his legs but that they had fully recovered. He was about to go to London, at the invitation of the British Cambridge University, to conduct academic research for half a year. There he planned to write a book entitled "Studies on Traditional Capitalism." Mr Su also disclosed to me that he had received similar invitations from some American universities and planned to make on-the-spot investigations and studies on the other side of the Pacific Ocean later, where he would write another book entitled "Studies on Modern Capitalism."

Mr Su said that the trip to the British Isles is in connection with topics to which he has devoted his time in recent years. If this is coordinated with the report he wrote while making an on-the-spot inspection of Eastern European socialist countries a few years ago, the framework of the topic of studies, entitled "Comparison and Study of Capitalist and Socialist Systems," which he conducted in cooperation with Li Honglin and others, will take shape.

He told me that he also planned to use new concepts to write a book entitled "The History of Marxist Development," in which he would explain in an all-round way the emergence, development, crisis, and rejuvenation of Marxism. In his view, although these questions are very important, it is unnecessary to write a heavy volume about them because few people care to read about such a heavy topic these days.

Talking about the method of studies, Mr Su bluntly criticized the prevailing practice of listing the figures (indexes) of our country and other countries or of different regions and comparing them in a oversimplified way. In his view, the method of comparing these simple figures cannot reflect the similarities and differences between some important, essential questions, such as ideologies, social systems, development patterns, and the quality of citizens. However, the prevalence of his method today shows the limitations of ideological methods in our society. This is something that merits our attention.

Although he is an academic who explored the concept of "the initial stage of socialism" at a fairly early date, he holds a differing view on the present practice of regarding the initial stage as a basket and putting everything into it. As he sees it, a more accurate formulation should be: "The initial stage of the commodity economy, namely, the initial stage of commercialization and socialization." Apparently, this is a major topic that confronts the theoretical circles at present.

In his talk, Mr Su also said: This is not the time to talk idly about the superiority of socialism. The most important thing is how to bring this superiority into full play. With the world developing to this age, there is a question of reunderstanding capitalism and socialism. He went to Greece a few years ago. Before World War II, the economic standards of Greece and Yugoslavia were about the same. But there is a widening gap now, with the per capita income of the Greek citizen reaching \$4,000. Similar problems also exist between Czechoslovakia and Austria....

At present, privatization is becoming a vigorously developing global trend. In our country some academics also hold that without private ownership there cannot be a genuine market or genuine commodity economy. Regarding such theoretical debates, Mr Su said: Because existing theories are still unable to thoroughly explain them, "instead of saying things, we can only do them." Take the "labor service market" as an example. It is not even possible to translate it into English. Why can't we just call it the "labor market" as in the rest of the world! There are other examples, such as, instead of saying unemployment, we use the term waiting for job assignment. All these have something to do with our lack of thoroughness in theory.

Before my departure, Mr Su readily complied with my request to find time in the midst of pressing affairs to write articles for the readers of this paper during his stay abroad. I wished him a pleasant journey.

'Full-Scale Fight' Against Corruption Announced
OW2405132288 Beijing XINHUA in English
1222 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—The Chinese Communist Party will engage in a full-scale fight against corruption within the party and government departments, said the latest issue of "OUTLOOK" [LIAOWANG] magazine.

This effort will have teeth to it and will not be a short term matter, said the influential political weekly, quoting officials from the Central Commission for Discipline Inspection.

Only in this way, added the officials interviewed, can the respect of the people for the party and government officials be maintained, and the economic and political reforms continue to progress in a healthy and smooth way.

The focus of the planned campaign will be on speeding up political reforms aimed at a democratic system, with special attention being given to the buildup of a supervisory system within the party.

When systems are sound and regulations complete, the loopholes for corruption and decadence utilized by a minority of leading officials will no longer exist, the officials said.

They stressed that high-ranking officials should set an example for others in the campaign to ensure honesty on the part of all party and government officials.

Education is a necessary ingredient in such an effort, added the officials, so that all the party and government officials will know how to act as servants to the people.

Chinese society has undergone a great transformation in the development of the market and commodity economy in recent years, said the weekly, but corruption, some of which has been very serious, has also been found to exist in leading party and government circles.

Some use their positions to embezzle public funds, ask for and accept bribes, and some even blackmail or extort money from the common people, said the magazine.

A lot of officials think only of carving out an easy and luxurious life, added the weekly. As a result, ordinary people often feel enraged when party and government officials use public funds to lavishly entertain with banquets and give gifts, or use their power and connections to bring benefit to themselves.

On the whole, said the weekly, the administration of the Chinese Communist Party has been conducted in an honest way over the past decades, as compared to the corruption of the KMT government of pre-liberation China.

Corruption on the part of a minority of officials arises when they fail to resist the temptation of money, said "OUTLOOK."

Nevertheless, said the weekly in quoting discipline commission officials, the party can in and of itself eliminate those negative tendencies.

Since the founding of the People's Republic, China has launched several campaigns to punish those guilty of corruption within the party. The latest such effort took

place in the early 80s, when some officials in Shantou, Guangdong Province, were executed for engaging in smuggling and accepting bribes.

Reform of Cadre Personnel System Urged
HK2505092488 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 20, 16 May 88 pp 16-17

[Article by Hu Junkai (5170 0193 0418): "Trends of the Reform of China's Cadre Personnel System"]

[Text] While commenting on the reform of China's cadre personnel system, people at home and abroad use "loud thunder but small raindrops" to describe its difficulties and "hearing a sudden clap of thunder from a silent place" to predict the major breakthrough which is now under deliberation. What, then, is the current situation of the reform of China's cadre personnel system? What course will it follow? How should the general train of thought for the reform of China's cadre personnel system be planned? During a recent interview with this reporter, some personages gave an account and made an analysis of these questions.

The Three Breakthroughs [subhead]

China has carried out initial reforms of its cadre personnel system since 1978 which touched off the old cadre personnel system like waves raised from stagnant waters and evoked extensive repercussions in society. For example, the system of cadres' lifelong tenure of office was abolished, large numbers of young and middle aged cadres were trained and promoted to leading posts, and some powers of cadre management were delegated. In addition, aimed at the work style of cadres in leading organs, a system of personal responsibility for cadres was implemented in 1984; aimed at the rigid personnel system, the tentative idea of allowing mobility of qualified personnel was proposed in 1985; and the cadre engagement system was introduced in early 1986 to diversify the cadre appointment forms. These reforms have exerted a positive influence and offered useful experience to the further deepening of reform of the cadre personnel system.

Viewed from China's overall political structural reform, however, these reforms are still at the stage of exploration. Because of a lack of a general train of thought, these reforms were not carried out in coordination, which left people with the impression that the symptoms were being treated but the disease was not.

In July 1986 the Organization Department of the CPC Central Committee and the Ministry of Labor and Personnel organized a work team composed of a dozen persons to make a comprehensive study of the reform of the cadre personnel system and find a breakthrough for the reform. Several months later, the CPC Central Committee introduced political structural reform. Hence, the team became one of the seven special groups under the central political structural reform research group and its

task was also brought into line with the overall research of political structural reform. Through investigations and studies conducted over several months, the group proposed a tentative reform plan aimed at the malpractices existing in the current cadre personnel system.

The defects of the old cadre personnel system can be summed up as follows: First, the connotation of the concept "cadre" is unclear and the ranks of cadres are cumbersome; second, the powers of management are overcentralized and all cadres are under the unified management of the party and government organizations; third, unitary management means and the party and administrative management method are applied to exercise management over different types of cadres; and fourth, the incomplete cadre management system, imperfect rules and regulations, and the grave extent of rule by man. The serious consequences of these defects are obvious. For example, it has been difficult to encourage qualified personnel to come out into the open, eliminate the mediocre and incompetent people, and eradicate the unhealthy tendency in cadre personnel work.

How should these defects be eradicated? On the basis of the long-term study by theoretical circles and practical work departments, this group proposed the breakthrough for the reform:

—The existing ranks of cadres should be classified, that is, the structure and management competence of the ranks of cadres should be divided; on this basis, the ranks of cadres should be classified into several groups in light of the different functions and nature of work so that a relatively independent management system and various management methods with distinctive characteristics will take shape and that the cadres of different categories will be promoted, downgraded, and removed accordingly in light of the characteristics of their work.

—On the basis of such classification, a system of public service will be implemented for cadres engaged in the state's public affairs.

—While carrying out the above-mentioned work, introduce the competition mechanism to the cadre personnel system.

While listening to an account given by the cadre personnel system special group on 20 May, top CPC leaders approved this train of thought in principle. This train of thought was clearly expressed in Zhao Ziyang's political report to the 13th Party Congress.

The reform of China's cadre personnel system started in light of this train of thought.

Classification of Cadres and the Public Service System
[subhead]

The first step of the reform is to make a scientific classification of the cadres. This is the key to whether a new cadre personnel system can be established. To do a good job of this work, the difficulties are imaginable primarily because of China's unwieldy ranks of cadres.

According to relevant statistics, the number of cadres on the regular payroll in China totaled 29.03 million by the end of 1987. This included 5.51 million (4.2 million in government departments) in party and administrative organs (including trade unions, youth leagues, women's federations, and other mass organizations), 12.74 million in institutions, and 10.78 million in enterprises. It is by no means easy to classify such a huge contingent of cadres.

People proposed various tentative ideas for the basic framework of cadre classification of which unanimity was reached in the following one: Apart from the top level cadres directly under the central authorities, the remainder should be divided into five categories including party, government, mass organization, institution, and enterprise in light of the nature of work of their units. "Party" refers to the party committees at all levels and their work departments from the central to the township level; "government" refers to administrative, legislative, judicial, and supervisory departments; "mass organization" refers to mass organizations; "institution" refers to scientific research, public health, literature and art, sports, press, and publication institutions; and "enterprise" refers to enterprises.

Because of the arduousness of the voluminous project of cadre classification, some people proposed first differentiating the cadres engaged in public service from the others (such as factory directors and professors) and establish a management system and corresponding methods for the cadres of this category. This is the system of public service now under deliberation.

According to relevant personages, the future public service system will have the following five characteristics: First, the principle of public, equal competition. Those who want to engage in public service may become a public servant only through competition in the forms of examination, assessment, or election under equal conditions. Second, promotion should be recommended strictly on the basis of assessment. This will stop the unhealthy tendency of cadres getting promotions through nepotism and plug up the loopholes of appointing cadres by favoritism. Third, legal guarantee for public servants, such as stipulating their functions and benefits and that they cannot be punished without undergoing legal procedures. Fourth, strengthen training. A training network will be set up at various levels with the State Public Servant Institute as its center. Fifth, management over public servants will be exercised according to law.

At present the regulations regarding public servants have been drafted and the departments concerned are soliciting opinions from various fields. The drafting of detailed

rules of the regulations concerning public servants is also under progress. It is estimated that the regulations concerning public servants will be introduced in the first half of this year.

Another Focus of Reform: Introduction of the Competition Mechanism [subhead]

Before the general train of thought for the reform took shape, the competition mechanism was actually introduced to the cadre personnel system in some localities and departments.

To coordinate with the various forms of the contracted responsibility system tried out in some enterprises, a number of cities including Beijing, Shenyang, Chongqing, Wuhan, Wuxi, Shijiazhuang, and Yantai started to adopt the method of public bidding to select enterprise operators by the end of 1986. In the past the leaders of enterprises in China were generally appointed by the higher authorities. Now the method of selecting enterprise leaders from among the best has been spread to the whole country. The method has smashed the structure of the higher authorities observing and appointing cadres, eliminated the system of enterprise leaders' life-long tenure of office, and produced an internal motivity for the rational flow of talented people. Hence, it is generally acknowledged as "a revolution of cadre personnel system within enterprises."

With the introduction of the competition mechanism, changes have also been effected in the past close-type and mysterious cadre work structure of party and government organs. For example, many localities adopted the method of openly and democratically assessing cadres to see whether they are competent at the new posts; Hunan's Yiyang county, Shanxi's Yangcheng county, and the Wuhan Iron and Steel Corporation implemented the probationary system and the system of cadres assuming office for a definite term to increase their sense of responsibility, dedication, and the capacity to assume a higher or lower post as required; the Ministry of Urban and Rural Environmental Protection (now Ministry of Building) tried out the method of democratically selecting leading cadres at the department and bureau levels; Zhejiang's Ningbo, Hebei's Handan, and Jiangsu's Changshu combined open examination with scientific observation to select cadres for party and government organs...

Naturally, the application of the competition mechanism in the cadre personnel system has just started in China which remains to be perfected. The enterprises, institutions, and party and government organs of a number of localities are still practicing the old system. Nevertheless, people have experienced the pressure from competition in the reform of the cadre personnel system.

A leading cadre said: "While interviewing applicants, we are examining others as well as ourselves. If the cadres appointed by the higher authorities fail to forge ahead and upgrade their concepts and knowledge, they are likely to be eliminated by the current of reform."

Another cadre expressed the same feeling by saying: "Reform is a cardiac stimulant, impelling you to study assiduously and work hard. The work style of drinking a cup of tea, smoking a cigarette, and reading the newspaper for half of day can no longer continue."

The Conditions, Difficulties, and Prospects of Reform [subhead]

Some people have shown impatience with the progress of the reform of China's cadre personnel system simply because they have not realized the complex nature of reform. As a matter of fact, the reform of the cadre personnel system is closely related to the reform of the political and economic structures. Therefore, it should be carried out together with other reforms. A new system will come into being as the internal and external conditions of reform gradually become mature.

Take the public service system as an example. Its establishment is determined by the maturity of many conditions. For instance, it is related to the progress of structural reform. Only when the functions and size of staff of the leading organs are defined can we determine the scope of public servants; and it is also related to the state's major policies. Readjustment should be made in placing graduates from universities, colleges, and technical schools and in resettling demobilized soldiers so as to put an end to the traditional practice of assigning university and college graduates and demobilized soldiers to state organs. Regarding the internal conditions, we still have to wait for the drafting of the detailed rules of the regulations for public servants, the establishment of the state administrative institute which will be responsible for training public servants, and the transition from state functionaries to public servants.

In the course of the reform of the cadre personnel system, the reformers encountered a number of difficult problems. For example, those without the pioneering spirit could not adapt themselves to the competition environment and some resisted the new emerging thing; a small number of localities and units engaged in sham bidding and contracts, superficially they entered into competition in a lively manner but actually they followed the beaten track; some attacked and threw mud at the people who took an active part in the competition and made things difficult for them, resulting in the phenomenon of "talented people are bound to invite censure once they come out into the open."

Moreover, a lack of coordination between reforms, the old system rejecting the new one, and many other problems cannot be solved within a short period. The reform of the cadre personnel system cannot be accomplished in one step. Like other reforms, it should develop step by step.

Zhao Cites Relaxation of Tensions With Taiwan
OW2405163588 Beijing XINHUA in English
1556 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — Zhao Ziyang, general secretary of the Central Committee of the Communist Party of China (CPC), said today that there has been a relaxation in tensions across the Taiwan Straits.

He told a group of visitors from the International Advisory Committee of Chase Manhattan Bank, "As a matter of fact, trade, shipping and postal services have already begun between the mainland and Taiwan. I believe these activities will continue to expand."

Zhao also told the U.S. visitors that the 13th party congress last October and the first session of the Seventh National People's Congress in April have provided a political, ideological and organizational guarantee that China's reforms and open policy will continue. He continued that the implementation of these policies in the past decade has helped boost the national economy, although price increases and other problems remain to be settled. Now the reforms have reached a crucial point where more difficult problems must be resolved, he said.

"If we push ahead with the reforms, we will succeed. Once we retreat, the situation will get out of control," Zhao said.

From now on, he said, China will concentrate its efforts on reforming the pricing system, as conditions are ripe for carrying out this reform. Once this is completed, China will set about reforming the salary system.

Zhao called for more trade, economic and technical cooperation between China and the United States. Present cooperation falls far too short of the two countries' status in the world, he said.

Zhao Ziyang Lauds Tianjin Collective Management
OW2405125288 Beijing Domestic Service in Mandarin
2130 GMT 21 May 88

[Text] Zhao Ziyang, general secretary of the CPC Central Committee, accompanied by Li Ruihuan, secretary of the Tianjin Municipal CPC Committee and mayor of Tianjin, heard a briefing by (Zhang Shilun), director of the Tianjin Haihe plastics plant, on promoting collective management at the plant. He also held discussions with representatives of various circles.

(Zhang Shilun), author of the collective management method, briefed comrade Zhao Ziyang on how cadres and workers of the whole plant take part in comprehensive collective management. By expanding raw material sources and supply, the plant has enabled excess workers, who constitute 40 percent of the total work force, to occupy themselves with work. As a result, the plant has been running a full workload and its efficiency has increased by leaps and bounds.

Comrade Zhao Ziyang said: Collective management has changed the management structure. Currently most of China's enterprises are plagued by problems of overstaffing. It seems that you have worked out a solution. Practice shows that it works in a small plant. We should sum up the experience and try it out in a large plant to see how it works.

Touching on ideological and political work at the plant, (Zhang Shilun) said he tried to do practical things and solve problems for workers and staff. Comrade Zhao Ziyang said: This is exactly what ideological and political work should do. Obviously your plant pays equal attention to the two civilizations. We should attach importance to ideological and political work in the course of reform and implementing the contract responsibility system. Ideological and political work should be integrated with economic activities. We should link reform of the management structure with ideological and political work.

Zhao Ziyang Commends Research Association
OW2405131288 Beijing Domestic Service in Mandarin
2130 GMT 20 May 88

[Text] The Chinese Association for Research and Analysis of the Social and Economic System, which serves as a macro-decision-making body for the state in construction and reform, has in recent years played a brain trust role and achieved marked results in promoting the development of soft science and scientific decision-making. The association has been highly commended by Zhao Ziyang and other central leading comrades.

The research association brings social workers and natural science workers together and, applying the principle of systems control, studies the development and reform of the national economy. As of now, the association has submitted nine reports of high reference value to central leading leaders on feasibility plans and forecasts of the national economy. Central leading leaders have made comments and issued instructions on most of the reports. Combining quantitative and qualitative research methods, members of the association have launched the study of some 50 projects for 17 ministries and commissions and achieved marked results in the areas of economy, population, science, technology, and environment. In recent years this research association has also engaged in analyzing the economic situation and forecasting the state's new economic policies.

The 1988 annual meeting of the Chinese Association for Research and Analysis of the Social and Economic System was held in Beijing yesterday. Noted economist (Sun Wujiao) spoke at the meeting, expressing the hope that the research association will continue its efforts and contribute more to the scientific and democratic transformation of the decision-making process in leading organs.

Top Leaders Pay Respects to Deceased Educator
OW2405223588 Beijing XINHUA in English
1504 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — Leaders of the Communist Party of China and the Chinese Government paid their last respects today to Jiang Nanxiang, a noted leader of China's youth movements and marxist teacher.

Jiang died in Beijing on March 3 at the age of 74. He was a member of the Central Advisory Commission of the Chinese Communist Party and first vice-president of the Central Party School.

Zhao Ziyang, Li Peng, Peng Zhen, Qiao Shi and Yao Yilin all went to pay their last respects. Senior Chinese Leaders Deng Xiaoping, Yang Shangkun, Chen Yun, Wan Li and Li Xiannian all laid wreaths.

Song Renqiong Visits Hunan 3-18 May
HK2305135488 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 18 May 88

[Text] According to HUNAN RIBAO, Song Renqiong, Vice Chairman of the Central Advisory Commission, today left Changsha for Jiangxi. After arriving in our province on 3 May, our revered Comrade Song, accompanied by leading comrades of the Provincial Party Committee and Provincial Advisory Commission, visited Yueyang, Huaihua, Dayong, Changsha and Yiyang to make investigations.

When hearing a briefing on the situation in the province given by Comrade Xiong Qingquan at the meeting hall of the Provincial Party Committee Standing Committee on the afternoon of 16 May, our revered Comrade Song pointed out: Hunan has a huge population but a small area under cultivation and it is close to Guangdong. Proceeding from this reality, we must consider things in an overall and comprehensive way and draft an appropriate economic development strategy. This calls on us to conduct careful investigation and study. We must really strengthen leadership over agriculture and vigorously expand township and town enterprises. The failure to develop township and town enterprises will lead to a shortage of funds for agriculture. In developing township and town enterprises, we must have sufficient material supplies and markets and also pay attention to their pollution. At the same time, by no means should we give up agriculture. All our leading comrades should be charged with the important historical tasks and should be far-sighted in doing things and be held responsible for our coming generations.

Speaking on teen-agers, our revered Comrade Song repeatedly stressed that our hope is placed on teen-agers and the future belongs to them. All veteran comrades and leaders at various levels, and even the entire society should strengthen education among teenagers.

Military Develops Nuclear Explosion, CW Simulators
OW2305070288 Nanjing Jiangsu Provincial Service
in Mandarin 0915 GMT 9 May 88

[Text] A simulator system for nuclear explosions and another for the (?spreading) of poisonous gas by super-light aircraft, both of which were developed by personnel organized by the Nanjing Military Region, passed an appraisal in Nanjing today.

The two systems can clearly simulate the phenomena of a nuclear explosion and the atmosphere of a battlefield where a chemical attack from the air is under way. Through smoking, sound effects, tears, and coughing, the simulators can indicate personnel casualties and the destruction of large weapons and equipment.

The two simulator systems, which can effectively test troops' against a nuclear or chemical attack, are of great significance for improving the training of troops in this regard and for educating the people in measures against such an attack.

Price Increases 'Difficult But Necessary Task'

Li Peng Comments
OW2405164288 Beijing XINHUA in English
1537 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Chinese Premier Li Peng said today that increasing the prices of four non-staple foods was a difficult but necessary task.

Li made this comment during a meeting with senior officials from the U.S. Chase Manhattan Bank.

Li said that for 30-odd years, China adopted a planned economy. In recent years the economy has been restructured to be more akin to a market economy. This does not mean, he said, that planning had been abandoned, more that the economy is a planned market economy. This will give greater play to the "law of value".

China's planned market economy, Li noted, differed from either capitalist economies or traditional socialist economies.

He added that unreasonable prices pose a problem in the planned market economy. Li described the recent price increases of four non-staple foods as a big step. He said it will take a long time to straighten out the price system and every step forward demands careful planning.

He explained that the price increases are aimed to give greater incentives to farmers. It is difficult but necessary for the state to place a ceiling on price increases.

David Rockefeller, former chairman of the Chase Manhattan Bank, said that China's open policy has resulted in surprising achievements and created an opportunity for U.S. businessmen to invest in China.

ECONOMIC DAILY on Issue
OW2305204788 Beijing XINHUA in English
0751 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA) — "Price reform, including the prices of food, is a hurdle that has to be jumped as China's reform continues," today's "ECONOMIC DAILY" says.

The paper quoted Chinese leader Deng Xiaoping as saying, China's price problem must be solved in order to create a situation conducive to economic progress, or the country will fail to reach developed-country status by the middle of the next century.

The basic solution to food supplies lies in raising the purchase price of agricultural and sideline products which would allow farmers to earn more profits, the paper reported.

The old practice of issuing state subsidies on foodstuffs to urban residents should be changed, the paper said, because the state's subsidy burden has been growing which has affected national economic development.

Price reform should not be halted and the reform should proceed in a direct course, the paper urged, or the country could slip back into the old patterns of economy.

According to the paper, perfecting the pricing structure would make conditions favorable for China to continue the reform and develop a market economy.

Commentator's Article Views Coastal Development
HK2505101188 Beijing RENMIN RIBAO
in Chinese 21 May 88 p 1

[Commentator's article: "Emancipate the Mind, Work Boldly — Second Comment on the Coastal Economic Development Strategy"]

[Text] The coastal economic development strategy marks a new turning point in the work of opening up to the world. Its implementation will certainly cause a profound change in the country's systems and policies. Therefore we are required to change our mentality, spiritual status, and work habits.

The process of opening up to the world is the process of emancipating the mind. An open, fact-finding, and healthy national mentality and social concept have been developing among the Chinese people since the early 1980's. At the same time, however, we should soberly understand that a prolonged dogmatic attitude toward Marxism and some outmoded ideas existing among the Chinese people for thousands of years have an influence and play a role from time to time. These outmoded ideas are binding us hand and foot in the course of implementing the coastal economic development strategy, and as a result we cannot do our work boldly.

First: Which should be the basic principle for promoting the work of opening up to the world and developing an export-oriented economy in coastal areas, the principle that suits state ownership or the one beneficial to the development of the productive forces? This is a question of fundamental importance. Many people think that the only criteria for judging socialism are the relations of production. Therefore they relate everything to social and ownership systems. For example, they regard opening up to the world as something of a "colonial nature," as tolerating "economic aggression," and as practicing "capitalism." As a result, their minds are full of misgivings and they lack resoluteness in everything they do; some even confuse right and wrong. They do not understand that poverty does not represent socialism. The strong points of socialism can be brought into play only when the productive forces are developed. This should be thoroughly understood in the course of opening up to the world. All policies and forms should be made beneficial to the development of the productive forces. Only in this way can all trades and undertakings have uniform criteria for their action.

Second, the mentality of closed-type, small-scale production is still binding many people hand and foot. While summing up their experience in opening up to the world, Dalian City leaders pointed out the need to remove the "manor mentality," which refers to the mentality of small-scale production. This mentality is a product of the age-old self-contained natural economy and is the convergence of thought and action under the influence of traditional habits and small-scale production. With the "manor mentality," people only care for a plot of land in front of their door. This mentality can be found in the countryside, in cities, and in macro-policy making. People in some regions do not like the idea of relying on other regions in processing export commodities; they are even more afraid of relying on foreign countries. Some people are accustomed to processing local resources in their own regions for fear that their resources might flow into other regions. In developing the commodity economy, people in many localities blockade each other. This shows how deep-rooted the "manor mentality" is among the people! An important characteristic of commodity production is openness and contact, this is even more so with business dealings in the international market. How can people under the influence of the "manor mentality" adapt themselves to large-scale commodity production? Some comrades are worried that their "fertile water will flow into others' fields" and that foreigners will make money when doing business with them. The commodity economy is a profit-making economy. If you do not allow foreigners to make money, how can you attract them to do business with you? Some localities have been very low in opening up to the world. This is because they are under the influence of this exclusive small peasant economic mentality.

Third, the traditional planned economic mentality and the product economic mentality are another two obstacles in our path to the international market. The highly

concentrated planned economic structure, which has existed for decades, has given rise to a large number of relevant ideas, concepts, and ways of thinking, which are prominently characterized by the habit of exercising economic management by administrative means and using orders to organize and guide production. China's economy is turning into a commodity economy and is moving toward the world in the course of reform and opening up. But some departments are still applying outmoded rules, regulations, and work methods to economic activities. For example, the construction of a project can start only when dozens and even hundreds of chops have been stamped and complicated procedures completed; or the department concerned will shift the responsibility on to others. All this indicates that many economic management organs are not geared to the development of the export-oriented economy. Government organs, offices, and management departments should thoroughly emancipate their minds from the habit of carrying out a single-product economy, and should shift to the habit of using new concepts, new methods of thinking, new work methods, and new managerial means to guide their work and to serve commodity production and opening up to the world.

Fourth, in developing an export-oriented economy in coastal areas, it is necessary to overcome the mentality of being content with things as they are and of being afraid to take risks. Many comrades are scared by the sight of the international market because they lack the sense of being competitive and taking risks. This does not tally with the requirements of reforms and opening up to the world. The commodity economy is, to a certain degree, a risky economy. To engage in competition, one has to take risks. We will miss excellent opportunities if we are content with things as they are or are afraid to take risks. People in some localities lack the spirit of implementing the central authorities' policies creatively, some are waiting for further instructions from the central authorities in whatever they do, and some even refuse to carry out instructions from the central authorities. Whether we can implement the central authorities' instructions creatively in the light of local conditions is an important way to judge whether our minds are emancipated. Guangdong Province has been able to maintain its leading position in opening up to the world because it can "apply policies well, in a lively manner, and fully" and can "quicken its pace when the green light is on, take a roundabout way when seeing the red light, and grope its way when all the lights are off." But as described by the masses, "some local leaders walk slowly ahead when the green light is on, are afraid to take a further step when seeing the red light, and turn back when all the lights are off." How can one achieve anything with this spirit?

Stressing the necessity to emancipate the mind and do one's work boldly does not mean performing one's duty regardless of subjective and objective conditions. The coastal economic development strategy is implemented on a scientific basis. In this respect, a fully fact-finding attitude and serious scientific spirit are necessary. Doing things in a scientific manner means taking full account of

actual conditions, respecting the law of commodity economy, and being good at following the development of the productive forces. Competition in the international market is merciless; those who do not observe the economic law will suffer losses. This field is unfamiliar to us but has much potential to tap. The key to familiarizing ourselves with this field and to turning potential into actual strength is study. We will achieve our goal so long as we conscientiously study, emancipate our minds, and are bold in putting our ideas into practice.

World Stock Market Crash Affects Coastal Areas
HK2305113288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0421 GMT 19 May 88

[Text] Beijing, 19 May (ZHONGGUO XINWEN SHE)—The worldwide stock market crash which took place last December [as received] did not produce a great impact on China. This is the viewpoint of many authoritative persons in mainland financial circles. However, Jing Zonghe, director of the Investment Institute of the People's Construction Bank of China and deputy director and research fellow of the China Investment Institute, believed that the impact should not be ignored. For example, the stock market crash has adversely affected the use of Hong Kong capital in the coastal cities.

Jing Zonghe submitted his written speech to the symposium on international investment and financial law jointly sponsored by the China Economic Law Society, Hong Kong Economic and Law Publishing House, and ZHONGGUO XINWEN SHE which opened yesterday.

Jing said that 70 percent of foreign investment in China's coastal areas comes from Hong Kong. The stock market crash in Hong Kong has adversely affected the use of Hong Kong capital in the coastal cities. The fluctuations in exchange rates and interests arising from the stock market crash and the measures adopted by the United States to reduce imports will inevitably produce an impact on China's foreign debts and foreign trade. Moreover, China will have to face greater risks in exchange rates because of the devaluation of the U.S. dollar and appreciation of the Japanese yen.

Seven months have elapsed since the stock market crash. With the passage of time, Jing Zonghe has keenly realized these problems. Viewed superficially, Jing said, the stock market crash is a negation and readjustment of stock prices which rose sharply over the past few years. Actually, it is the result of the unbalanced development of the world's economy. The United States has suffered from huge trade and financial deficits for years, while Japan, West Germany, and other countries have maintained a favorable balance of trade. This is the main reason for the turbulence in the international financial situation.

Hiring Rights of Joint Ventures Approved
*OW2405142788 Beijing XINHUA Domestic Service
in Chinese 1059 GMT 18 May 88*

[Text] Beijing, 18 May (XINHUA) — The State Council recently approved and transmitted measures drawn up by the Ministry of Labor and Ministry of Personnel on ensuring the autonomy of enterprises with foreign investment in hiring personnel. The State Council also urged all local authorities to earnestly implement these measures, which are as follows:

1. Workers, technicians, and administrators (including senior administrators) needed by enterprises with foreign investment shall be openly recruited by these enterprises, or hired from among those recommended by their Chinese partners. When locally hired personnel cannot satisfy their needs, the recruitment may be made in other localities.

2. When enterprises with foreign investment recruit the personnel they need from among workers of other enterprises, the relevant departments and units should support their effort and permit the flow of personnel, and not obstruct the effort by collecting irrational payments, taking back living quarters, or other such measures. Should their original employers unreasonably obstruct the hiring, the hired personnel may resign and their previous length of service should be credited to them by the new employers. Should any dispute arise, the parties concerned may request arbitration by the local committee for arbitrating labor disputes, or by the personnel exchange service authorized by the local government. All parties concerned should abide by the decision of the arbitration. If necessary, the transfer of the hired personnel may be handled directly by the local department in charge of labor and personnel affairs.

3. When an enterprise with foreign investment recruits personnel from a province, autonomous region, or municipality directly under the central government other than its own, there is no need for it to report the recruitment to the provincial-level labor and personnel department for approval. The local labor and personnel department should do a good job in providing organizational, coordination, and other services.

4. According to its needs, a Sino-foreign joint venture may hire the best personnel working for its Chinese partner. As for those personnel who are not hired, the competent authorities of the Chinese partner and the joint venture should ensure proper placement for these personnel, while the local government should provide active assistance and coordination.

5. An enterprise with foreign investment may discharge its personnel according to contract and relevant regulations without interference by any department or unit. If the discharged personnel have been borrowed from their original unit, they shall be reaccepted by that unit; and if they have been recruited, they should apply for jobs with

the local labor service company or personnel exchange service in the area where they resided prior to recruitment. They may seek employment independently, or by recommendation from the relevant departments, or by organizing themselves.

6. Before their term of office expires, Chinese personnel serving as chairmen or directors of the board in Sino-foreign joint ventures or cooperative enterprises should not be transferred without authorization. Should transfer be necessary, the appointing unit should solicit the views of the organ which examines and approves their appointment in those enterprises, as well as the views of the other partners. Before his or her hiring contract expires, no department or units should transfer a senior Chinese administrator hired by a joint venture without the concurrence of its board of directors and president.

7. In those cases where these measures contravene the relevant rules and regulations promulgated by the State Council and the former Ministry of Labor and Personnel, these measures shall prevail.

8. All regions and relevant departments should intensify propagation and education to heighten all personnel's understanding, making sure that enterprises with foreign investment exercise their hiring autonomy according to internationally accepted measures. In hiring and discharging personnel, anyone who commits irregularities in violation of the relevant laws and regulations and these measures shall be criticized and educated. Those whose cases are serious shall have their legal responsibilities investigated and shall be punished with disciplinary measures according to the actual situation.

Correct Speed of Foreign Investment Urged
*HK2305093988 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 23 May 88 p 1*

[By Cheng Weimin]

[Text] Despite some concerns at a potential surfeit of foreign investment, China is still trying to coax as many foreign investors as possible.

Some articles, such as one in the Shanghai-based newspaper WORLD ECONOMIC HERALD last February, called attention to the question of using foreign capital at an appropriate speed. It said that too quick an inflow of foreign capital could cause an unfavourable balance of international payments.

However, Wang Yongjun, deputy director of the Foreign Investment Administration of the Ministry of Foreign Economic Relations and Trade, has assured BUSINESS WEEKLY that such concerns are premature.

He pointed out that in the first four months of this year, 1061 Sino-foreign equity and contractual joint ventures and wholly-foreign-owned enterprises registered in China, compared with 382 in the same period last year.

Foreign capital invested in the enterprises amounted to \$1.18 billion, compared with \$0.56 billion in the same period last year.

The investment already put into use in the first four months of this year amounted to \$452 million, compared with \$348 million in the same period last year.

So by the end of last month, the number of registered enterprises came to 11,113, involving a total foreign investment of about \$24 billion. The capital in use amounted to about \$9.3 billion and more than 5,000 enterprises were already in operation by then, Wang said.

"All the capital involved are direct investments—not loans," Wang said. "Our preferential policies are mainly meant for those projects that help to introduce advanced technology and developed our export-oriented economy."

"So far, the speed of getting foreign investment has been all right, too. Foreign capital inflows are in favourable balance to the development of our economy."

Meanwhile, the environment is becoming more and more favourable for foreign investors.

The relevant policies are becoming more preferential, approval procedures for foreign-funded enterprises are being simplified, and it seems nearly all enterprises in the country are crying for foreign capital and technology.

For example, the right to approve a project involving less than \$30 million in foreign capital is decentralized to provincial and municipal governments in coastal areas. Not long before, a project with more than \$5 million of foreign investment had to be approved by the Central government.

Wang admitted that the climate for foreign investment in China is not perfect. Too many organizations are responsible for approving enterprises with foreign capital and that often confuses foreigners.

A Sino-foreign joint venture could get final approval only after the papers of application, feasibility study and contract specifications won nearly 100 official seals on them, Wang said.

And it was not unusual for the approval procedures to take two years, Wang said. "The larger scale the project was, the longer time it would take."

"However, such cases are rare in some provinces and municipalities and will be in most places soon," Wang said.

Most of China's provincial and municipal governments are preparing to set up service centres for foreign investment and some centres already have proved efficient.

Such a centre, with a provincial governor or a mayor as its head, works as an umbrella authority embracing all relevant offices and departments—such as banking, taxation, insurance, labour and personnel agency, planning and registration—all in one place. Foreign businessmen can get at the centre advice on investment opportunities, approval and licence for their projects, labour supply and solutions to their business problems.

In Dongguan, a city in Guangdong Province which gives foreign investors the most convenient conditions in China, a contract involving foreign capital is approved within a few days.

As more power is given to local governments to deal with foreign investment, more preferential and flexible policies will be made by them. The provisions and regulations issued before are being reconsidered and the policies contradicting each other will be cancelled, Wang said.

"We're ready to reconsider some items in the Sino-foreign joint venture laws," Wang said. "For example, the chairman of the board in an equity joint venture may be from the foreign side and the general manager may continue to be a foreigner if he or she manages the venture well."

"After 10 years of implementing the open policy, all local authorities have accumulated some experiences in working with businessmen from other countries," Wang said. "That's the foundation for the decentralization of the power to approve and administrate projects involving foreign investment."

Problems in Lateral Trading Groups Noted
HK2305093588 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 23 May 88 p 1

[By staff reporter Zhang Yuan]

[Text] China's lateral trading groups are developing very fast, but not without some problems, BUSINESS WEEKLY has learned.

Lateral trading groups is a new term to describe groups of trading companies that cut across different regions and industries to do business jointly.

In the past, industrial and commercial enterprises operated in a particular region or sector and had no dealings with similar businesses in other regions or sectors. This hindered the economic development of the country.

About four years ago, industrial and commercial enterprises in different regions and sectors began to set up some joint groups.

In 1986, there were 5,600 such trading groups, and by last year the figure had jumped to more than 7,300, said Yan Yunhai, an official in the Commerce Management Bureau at the Ministry of Commerce.

Trading Groups [Subhead]

Lateral trading groups, such as those in the food processing and service industries, have helped enterprises in these sectors to expand production, explore markets, improve economic performance results and become more vigorous, Yan said.

But most of the 7,300 trading groups are just loosely tied together. The partners do not invest in each other's businesses nor do they jointly invest in a particular project. They merely exchange some merchandise.

Such organizations lack the ability to withstand fierce competition in the future, Yan said. They should develop closer ties.

For instance, a close relationship between a manufacturer and a commercial department would enable the manufacturer to concentrate on production and let the commercial department take care of sales and customer feedback.

But the slow pace of banking and fiscal reforms hinders the development of these groups, Yan said.

The well-being of China's commercial enterprises depends to a large extent on their ability to borrow working capital from banks. But under the present banking system, an enterprise cannot borrow from outside its own region, so lateral trading groups that embrace several regions find it difficult to get the loans they need.

Industrial and commercial enterprises have always handed in their taxes to local tax-collectors, who send the money up the bureaucratic ladder and from there to the central government. If the trading groups are close-knit organizations, it would be more convenient for them to hand in taxes to a certain tax-collector, rather than for members of the group to hand in taxes to many local collectors. But local collectors would not agree because doing so might reduce their tax-collection quota and hence their personal income.

Enlivening [Subhead]

So Yan said, further reforms in the banking and tax-collecting systems will help promote the development of lateral trading groups and enable them to play their full play in enlivening the economy.

Further, Yan said, a regulation is needed to help and guarantee the development of economic groupings in different sectors and regions.

So far, lateral trading groups take many forms, such as the partnership of a manufacturer and a distributor, of many famous brand manufacturers and particular department stores, and of wholesalers and retailers.

But manufacturers of popular products seldom want to co-operate with local commercial departments.

For example, the selling price of an 18 inch colour television set on the shelves of a local store is fixed at about 1,200 yuan. But the manufacturer can earn about 400 yuan more if the products are shipped to another province for sale.

Contrarily, department stores do not want to establish ties with manufacturers of products that do not sell well, Yan said.

Paper Urges Control in Issuing Bonuses
OW2305151388 Beijing XINHUA in English
0552 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA) — Tax-free bonuses must be eliminated and more taxes must be imposed on those enterprises which give more than permitted by the state as a way to control the inordinate issuing of bonuses, suggested "ECONOMIC INFORMATION."

The paper pointed out that the bonuses given out in recent years rose much more rapidly than production.

It cited that bonuses throughout the country in 1987 rose 40 percent over the previous year. In some provinces, it was above 50 percent.

However, productivity rose just 7.6 percent and gross industrial output value increased only 14 percent last year.

In 20 companies in Dalian and Fushun in Liaoning Province, in the first half of 1987, profits dropped 14.2 percent, but their bonuses rose 54.8 percent.

An enterprise in Jinzhou, also in Liaoning Province, had 395,000 yuan in financial losses. Yet it borrowed 12,000 yuan from a bank to give bonuses.

To stop this, the paper suggested that the amount of the bonuses of an organization should be decided according to its profits. The more profits it makes, the more bonuses it can give.

The state should also regulate bonuses on the basis of the money an enterprise earns every year. The bonuses must be subject to the government's yearly financial inspection, the paper added.

Minister on Material, Equipment Supply Improvement
OW2505095988 Beijing XINHUA in English
0644 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — China will tighten control over vital materials and equipment and develop production materials markets in an organized way, Liu Suinian, minister of materials and equipment, said in today's "ECONOMIC DAILY."

Liu said the new ministry will gradually take over supply and marketing functions of the various departments of the State Council, the country's highest governing body.

Liu called it a major reform that "will consolidate macro-material adjustment and control and invigorating enterprises."

State Council departments control 496 varieties of goods.

The plan will reduce the number covered by the State Mandatory Plan from 316 to 93.

The number of goods whose production and demand are arranged by the state will increase from 180 to 209, and 93 others will be purchased by state through contracts.

The remaining 149 will be set by market conditions.

Measures will be adopted to help materials under planned distribution, such as rolled steel, cement, and timber, to enter markets so as to bridge the old and new pricing systems.

A fund will be set up to develop materials and equipment in short supply.

The plan will also create a large-scale, nation-wide information center that will offer futures and trust services.

Supervision Ministry Checking Economic Contracts
OW2505043488 Beijing XINHUA in English
0722 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — The Ministry of Supervision is going over all economic contracts signed with foreign business people to promote smooth progress in the country's foreign trade, today's "PEOPLE'S DAILY" reported.

Since the country started the open policy in 1979, most of the state's foreign trade workers have performed their duties loyally and earnestly, the paper explained, but there are still some cases where individuals have tried to seek personal gain at the state's expense.

"Some have failed to ask for compensation within legal limits, taken bribes, or asked foreign business people to act as sponsors for their children or relatives to study abroad," the paper said.

By checking economic contracts signed with foreigners, the ministry has been able to quickly detect problems, protect the country's interests, and recoup losses, the paper went on.

With the help of the Ministry of Supervision, other industrial ministries and departments under the State Council have also recouped losses of 30 million U.S. dollars by checking out contracts over the past year.

According to the paper, the ministry has meted out punishment to those state workers who were found guilty of taking bribes, embezzlement, negligence, or selling confidential economic information.

The ministry has also helped related departments improve their negotiation procedures, better regulate compensation, and create better conditions for foreign investors and business people doing business in China, the paper said.

Paper Reports Drop in Labor Force Total
HK2305094588 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 23 May 88 p 3

[Text] By the end of March this year, the country's labour force totalled 130.78 million, a drop of 1.37 million from the end of last year.

Workers of State-run enterprises dropped 680,000 to 95.9 million; workers of the collective and township enterprises decreased 710,000 to 34.7 million; while workers from other ownerships increased 20,000 to 740,000.

Contract workers have steadily increased as a result of the implementation of contract employment system. By the end of March, contract workers in State-run enterprises reached 7.47 million, an increase of 120,000 over the end of last year. Contract workers now represent 7.8 percent of the total employees in State-run enterprises.

For the first quarter of this year, wages—excluding price subsidies for meat and other non-staple goods—totalled 44.45 billion yuan, up 14.8 percent, for workers in the whole country. This was an increase of 5.73 billion yuan over the same period last year. Wages paid to State-run enterprises hit 34.4 billion yuan, up 14.8 percent and a growth of 4.44 billion yuan. Wages for collective and township enterprises reached 9.71 billion, up 13.7 percent and an increase of 1.17 billion yuan. Wages paid for other ownerships soared to 340 million yuan, up 53.8 percent, an increase of 120 million yuan.

Different regions maintain different growth rates. The increase rate of wages in 14 out of 30 provinces, municipalities and autonomous regions nationwide is higher than or equal to the country's average growth rate. Among them, Guangdong Province increased 21.5 percent, Shanghai 19.9 percent and Hunan Province 19.2 percent.

For the first quarter of this year, retail prices nationwide increased 11 percent over the same period of last year. Retail sales in January increased 9.5 percent; February 11.2 percent and March 12 percent.

The main reason for the surging retail prices, according to preliminary analysis, is due to the short supply of non-staple food needed every day by consumers.

The retail prices of other daily consumer goods also are rising constantly.

Daqing Oilfield Heading for Losses
HK2305093188 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 23 May 88 p 2

[By staff reporter Chen Weihua]

[Text] Daqing Oilfield, China's largest, produces about half of the crude oil in the country, but it is likely to run into deficit for the first time this year due to rising costs and the low State purchase price, said a top official of the oilfield.

Daqing, in northeast China's Heilongjiang Province, produced 55.55 million tons of crude oil last year and handed over 2.39 billion yuan in tax and profit to State revenue.

It was the oilfield's 12th consecutive year with an output of over 50 million tons, but the cost per ton has risen to 55 yuan, three times the figure 10 years ago. This is because of soaring costs of water extraction at the oilfield since 1981; about 80 percent of the liquid extracted is water. Most major oil layers have now been flooded by water.

Flowing wells in Daqing have decreased considerably and most wells are now motor pumped.

An official said all the wells in Daqing will be motor pumped by the end of the year. Motor pumped wells need three times as much investments as flowing wells.

As the output of old oil wells has decreased by 4 million tons annually, Daqing, with proven oil deposits of 4.6 billion tons, has to drill more oil wells as a way of meeting the oil output target set by the State.

Last year, it drilled more than 1,600 wells; this year, another 1,730 wells will be drilled.

This work has increased labour intensity and electricity expenses.

Daqing's total electricity consumption is equivalent to the city of Shenyang with a population of 5.4 million. The second-largest oil production plant there, with an output of 10 million tons, consumed 1 billion kilowatt hours of electricity last year.

Although the State has decided to raise the purchase price of oil from 100 yuan per ton to 110 yuan this year, the official said this can hardly make up for the rising production costs. Last year, profits per ton of oil dropped to 1 yuan. The deficit this year is expected to be about 130 million yuan.

Many people in Daqing complain that crude oil is even cheaper than soy sauce.

Some top officials there said Daqing's wealth depends on the central government adopting a flexible policy and allowing Daqing to handle even 0.5 percent of the oil sales.

The State now purchases all the Daqing oil, including production over the target.

Under tight central government control, Daqing now has only 800,000 tons of crude oil a year available for all its needs, such as keeping the oilfield and vehicles running.

The money made per ton crude oil against processed oil is 1 to 3.5 abroad but 1 to 6 in China. This is unfair for the oilfield, an official said.

Daqing, which was set up in 1960, also needs more rights from the Central Government, the official said. For example, Daqing cannot even decide for itself when a foreign firm wants to import 100 valves from Daqing.

This year, as one major solution decided on by its leaders to cope with rising costs in production, Daqing has decided to change its present single oil industry economy to a diversified one, to earn more money to make up for the deficit in crude oil production.

Industries such as the reprocessing of iron and steel waste, deep processing of oil, construction, machinery, chemical, light and service industries will be given priority in the coming years.

Production value of these substitute industries, which started very late in Daqing, is expected to reach 400 million yuan by 1990 and 2 billion yuan by the end of the century.

An official cited the Calgary oilfield in Canada, now a sister city with Daqing, with a lower oil output but a much larger profit.

"That's because it has developed a diversified economy," she said.

But some officials said the development of such substitute industries can hardly make up for the loss in oil output.

A top official said if the purchase price was 500 yuan per ton, the same as on the world market, Daqing could hand over 15 billion yuan annually to the State.

Sooner or later, the price will have to be tackled seriously, when Daqing has to drill those thin layers for oil (about 20 centimetres), which are estimated to hold reserves of 1.6 billion tons. This will cost about 250 yuan per ton by using new techniques and the highly-developed waterflooding method. The present 2.6 billion yuan annual budget will be too small, an official said.

Top officials at Daqing said they will try hard to sustain another 10 years of output over 50 million tons since the State needs more oil. Daqing has set its target for this year of 55.5 million tons of crude oil and 2 billion cubic metres of natural gas.

With more than 200,000 well-disciplined workers, Daqing has sent numerous people to help out at other new oilfields in China.

"We are experienced and competent in design and exploration and we are capable of entering the world market," the official said.

"In Industry Learn From Daqing" was a political slogan in China for many years. With its important status in China's oil industry, Daqing today still cannot be neglected.

Daqing people, who lived in shacks for more than a decade, have moved into new apartment buildings which have mushroomed since 1979 when senior leader Deng Xiaoping visited the city. The average living space there now is seven square metres.

Magnificent stadiums, indoor swimming pools, libraries, culture clubs and children's palaces are everywhere, unthinkable even in some big cities like Shanghai and Beijing.

Meeting Discusses Reform of Performing Arts
OW2305135088 Beijing XINHUA Domestic Service in Chinese 1418 GMT 20 May 88

[By reporter Guo Lingchun]

[Excerpts] Beijing, 20 May (XINHUA) — The 8-day National Cultural Work Meeting further improved and perfected the proposed plan for structural reform of performing art troupes. The meeting participants explored and discussed the principle of reform in detail, and a "document in black and white" which carries a lot of weight only remains to be implemented.

Wang Jifu, vice minister of the Ministry of Culture, in his concluding remarks today, said this is a meeting of "emancipating the mind, persisting in reform, and adopting more flexible policies."

The Party Central Committee Pays Attention to Literature and Art, Lays Down Principles, Discusses Matters of Vital Importance, and Does Not Get Involved in Specific Details [subhead]

In addition to the directors of all provincial, municipal and autonomous region cultural departments and bureaus, responsible persons of party committees and government departments in charge of cultural work also attended the meeting as delegates. This phenomenon, unseen in the past year and more, obviously shows the important and urgent nature of literary and art structural reform in the new historical period.

Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, made a report today on the question of literature and art. He reiterated the important speeches made by Zhao Ziyang and Li Peng on the question of improving the party's leadership over literature and art and that of reforming the literary and art structure. [passage omitted]

Wang Renzhi further pointed out: It is necessary to speed up and deepen literary and art structural reform, particularly literary and art leadership structural reform. He said: To overly control literature and art to the last detail is a malpractice of our leadership. From now on, the party will pay attention only to matters of vital importance and grasp the orientation, principle, and policy of literature and art. With regard to specific questions concerning writing, staging, and contending in literature and art, the party should get involved as little as possible.

The Ministry of Culture Disseminates Policy Decisions, Suits Measures to Local Conditions, and Gives Full Play to One's Ability [subhead]

As for the dissemination of policy decisions in all areas of reform, the delegates carried out endless discussions and presented a lot of complaints. According to this reporter's observation, some open regions often asked for still more liberal policies, while inland provinces and cities expected more specific regulations and restrictions. [passage omitted]

The System of Censorship of Plays No Longer Exists; the Trend of Commercialization Has Begun [subhead]

One day before the meeting concluded, four officials of the Ministry of Culture had a candid talk with reporters covering the meeting. Wang Meng said: Government departments no longer censor the plays staged by folk troupes engaged in the performing arts. The same is true for "officially run" art troupes. However, a very small number of plays involving important historical incidents, dead and living personages, or plays concerning diplomacy, nationhood, and religion are the exception. He said that to meet the demand of spiritual civilization, a mental product need to be evaluated by the masses, not censored. [passage omitted]

How do we evaluate this meeting held on a national scale? Leading cadres at all levels of the Ministry of Culture are taking a sober-minded attitude on it. They admit that literary and art reform conducted on a trial basis over several years can neither be mature nor methodical. However, our economic and social development has created conditions for the reform of the country's more than 3,400 performing art troupes. They are confident that they can steadily push the reform forward with a great sense of urgency.

Population Target Reportedly 'Abandoned'
*HK2305030188 Hong Kong HONGKONG STANDARD
in English 23 May 88 p 5*

[Text] Beijing: China, its national birth control programme tattered by a renewed baby boom, has tacitly abandoned a long-cherished goal of limiting its population to 1.2 billion at the end of the century, Chinese and Western experts say.

The acknowledgement has been hinted at in official press reports and expressed privately by Chinese officials, reflecting growing realisation that the vaunted "one-couple, one-child" policy is falling short, the experts said.

The programme, long stymied by entrenched resistance in the countryside, has more recently been frustrated by the natural echo of a 1960s baby boom, greater freedom and prosperity under economic reforms and relaxed policies allowing earlier marriages.

All that has combined to push birth rates up sharply in the past two years. Family planning officials earlier this year admitted problems and announced stricter measures to enforce the one-child policy, yet refused to retreat from the 1.2 billion target.

But according to a senior editor at a Chinese science journal, the target has now been privately nudged upward to about 1.25 billion.

"They have deemphasised the number," said a Western population expert in Beijing. "They aren't saying it's abandoned, but they're revising and softening it. Realities are realities, and they just don't have time left to meet it anymore."

State Council Decision on S&T Structural Reform
*OW2505040888 Beijing XINHUA Domestic Service
in Chinese 0036 GMT 19 May 88*

[Text] Beijing, 19 May (XINHUA) — The State Council recently adopted a decision on several questions about deepening the structural reform of science and technology. The decision stresses that the current structural reform of science and technology must proceed from the reality of the initial stage of socialism and be suited to the needs of a planned commodity economy, and that various forms of contracted managerial responsibility system must be actively implemented as the focus to further speed up and deepen the structural reform of science and technology.

In its "Decision on the Several Questions About the Structural Reform of Science and Technology," the State Council says it is necessary to encourage scientific

research organs to import competitiveness as a mechanism, actively implement the various forms of the contracted managerial responsibility system, and separate the ownership of scientific research organs from the power of management. It is necessary to call for tenders inside scientific research organs or openly invite tenders from society to choose and affirm managers through competition. Scientific research organs with poor management and economic results may readjust their research orientation, be annexed, or closed down. In adopting the contracted managerial responsibility system, scientific research organs must make overall plans and take all factors into consideration before setting various tasks, and rationally distribute economic results. It is necessary to grasp adoption of the contracted managerial responsibility system favorably, and pay different wages and offer different awards and fringe benefits to staff and workers in accordance with whether they are in a post and are on the regular payroll, so as to solve the currently universally existing questions of irrational personnel composition, having more hands than needed, and poor labor efficiency.

The decision points out: It is necessary to encourage and support scientific research organs to promote economy in various ways, and develop into new scientific research, production, and management entities. Scientific research organs and enterprises may contract projects to, lease, and annex each other, become each other's shareholders, and be partners in joint management. A scientific research organ may also join an enterprise or an enterprise group, or develop into a scientific research-type enterprise. It is necessary to expand scientific research organs' power of decision on foreign matters, and simplify the formalities of examining and approval of foreign matters. Beginning in 1988, taking the foreign exchange earned in 1987 as the base, a scientific research organ can retain all the surplus foreign exchange earned from exports, and use it as a development fund according to its own decision.

The decision says: It is necessary to encourage scientific research organs, scientists, and technicians to improve their own work conditions and material rewards by creating wealth for society and making contributions to progress in science and technology. Scientific research organs, which are self-sufficient for part of the research operating expenses, can link the proportion of their award and welfare fund to the proportion of reduced appropriations of operating expenses. Scientific research organs, which are self-sufficient for all research operating expenses, on condition that they guarantee the development of their causes, can make their own decision to distribute and use their net incomes. As for scientific research organs, which currently adopt the contract system on their research operating expenses, it is necessary to deal with each case on its own merits. Those able number of their personnel, their authorized payroll

expense will not be affected. Surplus, if any, can be used by the organizations themselves. Regarding extra receipts earned by these organizations, a certain portion should be used as a development fund, while the remainder can be put at their disposal.

The decision states: To ensure long-term development of science and technology as well as the economy, we must see to it that basic research is developed in a sustained and steady way, and that the state appropriation for basic research expenses increases with the growth of the state revenue. Basic research should be geared to the world and focused on those areas and projects for which we have strong potential and which will have significant application. In reforming the management system for basic research, we should proceed further to put in a competitive mechanism, continue to implement and improve the science-fund system, constantly explore new managerial methods, and support the most promising high-level basic research projects as well as the construction of facilities required for these projects. We should also support outstanding experts to do research work. In addition, we should strengthen interrelations between basic research, applied research, and development work, and see to it that research projects are developed progressively through these three stages. Efforts should be made to promote the exchange of personnel and the spread of knowledge. Scientific research organizations, institutions of higher education, and enterprises should be encouraged to share their personnel and cooperate in building facilities they can all use. The practice that major state-owned laboratories can only be used by the government departments concerned should be changed. They should be opened to domestic and foreign clients wishing to use their services or facilities.

The decision further points out: While deepening reform of state-owned scientific research organizations, we should actively support and promote development of science and technology organizations under other types of ownership, such as collectively and individually owned organizations. Meanwhile, we should give full play to the role of our present scientific and technical personnel. In this connection, we should encourage any planned effort to organize or support scientific and technical personnel to establish small or medium-sized enterprises and village or town enterprises, take over the management of such enterprises on a contract or lease basis, go to rural areas to sell their services, or do contracted technical or economic work. There are several ways of doing this, such as transferring these personnel from their original units to new units, letting them resign from the original units, putting them on leave without pay, and letting them do their new jobs on a part-time basis.

The decision carries the following demands: The people's governments at all levels should attach great importance to the work of science and technology. It is imperative for them to increase their science and technology input at a higher rate than the growth of their regular revenue. Departments concerned, including those in charge of planning, economic affairs, science and technology, financial work, banking, taxation, industrial and commercial administration, and personnel, are requested to study and formulate policies to support the work of science and technology. They should make full use of taxation, credit loans, and other economic levers to forge a close link between the work of science and technology and the economy, and to create a favorable social environment for the development of scientific and technological undertakings.

Researchers Urge More Scientific Investment
OW2505082288 Beijing XINHUA in English
1449 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — The State Science and Technology Commission has accepted a proposal by scientific researchers that Chinese enterprises should gradually invest more in science and technology to augment state assistance.

The proposal was put forward in a report by researchers at the Institute of Systems Engineering of Tianjin University after spending 1 year researching the question of fund raising for sciences.

The researchers concluded that the state should allocate funds towards basic research and some applied research, while enterprises should invest in technology development and application.

The government should provide enough funds for key research projects with an important bearing on the development of the national economy, the report said. The government should also work out relevant policies to encourage enterprises to invest more in science and technology, the researchers suggested.

In the next 2 or 3 years, they said, the government should gradually cut down its science fund allocation to those industries with higher profits, while giving more money to research into public services, natural resources, public health, and medical science.

More funds should also be given to research projects involving electronics, aerospace technology, telecommunications, transport, and energy development, the researchers said.

Nationwide Satellite Doppler Network Set Up
*OW2405131688 Beijing XINHUA Domestic Service
in Chinese 0815 GMT 18 May 88*

[Text] Beijing, 18 May (XINHUA) — (By correspondent Wang Youqi) China has become the first among the big countries in the world to establish a nationwide satellite doppler network [wei xing duo pu le wang 5898 2502 1122 2528 0519 4986]. This is of tremendous significance to developing space technology and conducting earth science research, as well as to national defense.

This scientific research result passed an assessment test in Beijing today. In the view of experts, this shows that China's satellite doppler positioning technology has reached the world's advanced level for the 1980's.

The satellite doppler positioning technique is a swift positioning method in the modern world. By installing a doppler machine at a location on earth to receive a frequency transmitted by a meridian satellite orbiting in space at a right angle in relation to the equator, it is possible to quickly determine the precise coordinate of that location on earth. It is learned that the United States and Canada have established satellite doppler networks in some parts of their countries. Several developed countries in Europe have jointly established such a network over a relatively large area.

In China, the Cartographic Science Research Institute under the State Bureau of Survey and Cartography, as well as the Survey and Cartography Research Institute under the PLA General Staff Department are responsible for this work. Starting from 1979, with the assistance of the civilian and military authorities concerned, surveyors and cartographers have defied hardships, headed for plateaus, climbed snow-capped mountains and glaciers, crossed deserts, entered thick forests, traveled all over the motherland, and successfully installed a network of satellite dopplers in 37 locations throughout the country.

First Intelligence Computer Passes Test
*HK2305112288 Beijing ZHONGGUO XINWEN SHE
in Chinese 1513 GMT 13 May 88*

[Report by correspondent Zhu Daqiang (2612 1129 1730): "China Builds Its First Intelligence Computer"]

[Text] Taiyuan, 13 May (ZHONGGUO XINWEN SHE)—China's first CIM-I intelligence computer of the 1980's passed an acceptance test here today.

This intelligent [zhi neng 2535 5174] computer is manufactured by the Beijing Aviation and Space University and the Shanxi Provincial Electronics Industrial Scientific Research Institute.

Experts said: This intelligent computer occupies a leading position in the country in terms of advancement, applicability, developmental usefulness, performance, and price. Its successful manufacture has filled in the country's gap in this field of technology. Compared with other countries' PC-type computers of the same model, this intelligent computer is unique in some aspects. It is able to adapt itself to IBM compatible computers and home-made mainstream computers.

An intelligent computer is a high-tech product which imitates the process of man's thought and realizes the performance of human brains in making judgments, references, association of ideas, and policy decisions by using computers. Competition among Western countries in manufacturing this computer is acute. At present only a few countries including the United States have computers of this type. The successful manufacture of the CIM-I intelligent computer means a firm step forward by China in manufacturing its computers of the fifth generation.

The CIM-I intelligent computer has a priority [you xuan 0327 6693] technology able to process all knowledge information currently available. By applying the expert systems designed by the computer, we can replace experts in diagnosing illnesses, prospecting, and in making construction designs and military policy decisions.

It has been reported that manufacturing departments will manufacture the aforesaid intelligent computer in a serialized way.

East Region

Jiangsu Paper Urges More Attention to Education
OW2505051588 Beijing XINHUA in English
0652 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — Although some parents still exert too much pressure on their children to do well in school, a trend that neglects the importance of education is emerging in Chinese society.

"XINHUA DAILY", the Jiangsu provincial newspaper, said many youngsters leave school to engage in business or work in township-run companies. In Suzhou City, Jiangsu Province, where education has traditionally been highly valued, more than 10,000 pupils have left rural junior middle schools in the last 2 years.

In contrast, the volume of child labor is on the increase. When some township enterprises are short of manpower, they recruit workers under 16, even though the legal age limit is 18.

Some parents even lie about their children's ages or seek personal connections to help them get work and make money for their families.

The paper also revealed that the craze for money or business is also becoming rampant. Students lack the motivation to study and many do not intend to pursue postgraduate studies.

There is a new maxim popular in this society, where educated people are poorly paid: "The more books one reads, the less money one earns."

The paper said some believe this aphorism is the result of the market economy which has evolved in recent years. These [words indistinct] value of knowledge is judged according to the money university graduates earn.

Moreover, this idea is most popular in the comparatively prosperous eastern region where market activities are more widespread.

The paper said there is another view which supports students leaving school. In China, only a small number of young people can now attend university.

Some think that the entrance examination will become less competitive if more youngsters go to work earlier and are able to train themselves without education.

Ignoring education will result in a dwindling number of teachers, a declining quality in teaching, incompetence of laborers, and chaos in society.

From those views, we may conclude that our country must attach great importance to education or else we will suffer in the future, the paper said.

Jiangxi Leaders Stress Developing Rural Economy
OW2405130088 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 22 May 88

[Excerpts] A discussion meeting of party committee secretaries and heads of some counties and districts, sponsored by the provincial party committee and government, ended in Nanchang on 21 May.

The meeting focused on correctly understanding the role of village and town enterprises in invigorating the economy, and on helping localities which are fairly slow in promoting the development of village and town enterprises to catch up.

In the course of the meeting, Mao Zhiyong, secretary of the provincial party committee, called on the participants of the meeting. Governor Wu Guanzheng attended and addressed the meeting. Braving the rain, Vice Governor Huang Huang led party committee secretaries and heads of 13 counties and districts as well as responsible comrades of provincial departments concerned attending the meeting to visit some village and town enterprises, forest farms, and orchards in Xingan and Anyi Counties.

Vice Governor Huang Huang made a summing-up report at the meeting. He said: In rural areas, the reform and open policy has boosted productive forces represented by village and town enterprises, and is swiftly changing the appearance of the countryside. Practice shows that village and town enterprises constitute a fairly advanced productive force in rural areas at the present stage. We should attach importance to village and town enterprises and accelerate their development.

Vice Governor Huang Huang said: Shortage of funds and qualified personnel are factors that restrict the development of village and town enterprises at present. We should handle this problem with an objective mind while striving to find a solution for it. All localities should take measures suited to their local conditions and select a correct path for promoting self-development. [passage omitted]

It is necessary to broaden the path of development for village and town enterprises, widely encourage the repair of old or discarded things so as to make full use of these things, and develop new products to satisfy market needs.

Jiangxi Circular on Readjusting Cadre Structure
OW2405133088 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 15 May 88

[Text] The general office of the provincial party committee and government recently issued a circular after issuing the proposals to readjust the cadre structure submitted by the Organizational Department of the provincial party committee, Department of Labor and Personnel, and commission in charge of the size of staff of government organizations. The circular calls on all

localities and departments to give priority to the interest of the whole and coordinate with one another in accomplishing the task of transferring and allocating over 15,000 cadres to various areas in our province in accordance with the instruction of the party Central Committee and the State Council.

The circular points out: Readjusting the cadre structure is essential to deepening the reform of the economy and is also an important part in reforming the cadre and personnel system in the course of carrying out political reform. Transferring and allocating cadres to procuratorial, judicial, and economic supervisory and regulating departments is only part of the important strategy of readjusting the cadre structure as a whole. Readjusting the cadre structure at this time is of great significance for deepening the reform of the economic and political structure and for rationally distributing cadres to the various organizations so as to ensure the implementation of the party's basic line.

The proposals submitted by the Organizational Department of the provincial party committee, the provincial Cadre and Personnel Department, and the provincial commission in charge of the size of staff of government organizations state that readjusting the cadre structure is primarily aimed at reinforcing that structure by consolidating the grassroots units.

In principle, the number of cadres of provincial and prefectural-level organizations will not be expanded. About 30 percent of the total number of cadres to be transferred or allocated will primarily be selected from the staffs of party, government, and (?military) organizations. Emphasis should be placed on selecting such cadres from overstaffed units, purely economic administrative departments, or from departments whose functions are being changed or will be changed soon. In general, 20 percent of the total number of cadres to be transferred or allocated will be selected from among resettled demobilized military cadres and graduates of colleges, middle schools, and vocational schools respectively.

Government organizations at and below the county level may recruit cadres from among the masses if they have difficulty in finding cadres by the above-mentioned methods, but the number to be recruited should not exceed 20 percent of the total number of cadres to be transferred or allocated. Overstaffed units whose cadres have been transferred are not allowed to increase the size of their staff.

Cadres who have been selected for transfer from cities to grass-roots units may retain their household registration and keep their homes and families in the city; they will continue to receive their original salaries and enjoy the same political rights. In addition, they are allowed to retain their original professional titles.

Shandong Holds Forum on Radio, TV Propaganda
SK2505044488 Jinan Shandong Provincial Service in Mandarin 2200 GMT 24 May 88

[Text] A forum on radio and television propaganda in the Shandong Peninsula's coastal economic open areas was recently held in Qingdao City. Responsible persons from radio and television bureaus and stations of Yantai, Weifang, Zibo, Weihai, Rizhao, Laizhou, and Qingdao Cities attended the forum. The forum participants conscientiously discussed ways to make radio and television propaganda serve the work of implementing the economic development strategy for coastal areas and the work of opening Shandong peninsula to the outside world. They also approved the establishment of a Radio and Television Propaganda Coordination Committee in the Shandong Peninsula economic open areas. The Qingdao station will serve as secretary general of this committee.

The forum also decided that beginning on 1 June, the radio and television stations of the coordination committee will initiate columns and programs concerning information on opening Shandong Peninsula to the outside world, with a focus on the economic news of opening up.

Development Planned for Yellow River Delta
HK2305093788 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 23 May 88 p 1

[By staff reporter Qu Yingpu]

[Text] The Yellow River delta in north China's Shandong Province is tapping the potential of its vast wasteland and wants to compete with its two more fortunate brothers—the Pearl and Yangtze river deltas, which are the most prosperous areas in the country.

Jiang Chunyun, governor of Shandong, told BUSINESS WEEKLY that his province is going to take three steps to turn the delta into a new economic zone, with more arable land, grassland and forests, and petrochemical, textile, machinery and light and service industries.

He said feasibility studies have begun on the development strategies.

The governor said the first phase of the project will be limited to a 7,400-square-kilometre region around the Yellow River mouth, mainly in the city of Dongying, the site of China's second largest oilfield.

The second phase will extend inland, earmarking a much larger region, including Dezhou, Jinan, Zibo and Weifang.

The third will stretch further westward to cover parts of Henan and Hebei provinces through industrial and agricultural cooperation, Jiang said.

The river mouth district is the youngest land in China. It began forming from the Yellow River sediments in 1855, when the river formerly running almost straight to the Yellow Sea—changed its course in eastern Henan Province to empty into the Bohai Sea after snaking through Shandong.

The river is the muddiest in the world, carrying an annual average of 1.2 billion tons of silt downstream from northwest China's loess highlands. This has been adding 50.7 square kilometres of new territory to Shandong every year, pushing the coastline 1.4 kilometres further into the sea annually.

Jiang said there are about 667,000 hectares of wasteland at the river mouth. The provincial government plans to build the area into 260,000 hectares of grassland, 200,000 hectares of arable land and 200,000 hectares of forest.

He said that Australia has been talking with Shandong about setting up large animal farms in the area. The province has started cooperating with West Germany to import fine breed cattle to the river mouth. Holland also is active in animal husbandry co-operation with Shandong.

Early next year, a Japanese firm is expected to finish a compensation trade contract to invest \$1.5 million to build pools with a total area of more than 330 hectares to raise shrimp. Dongying also plans to build 13,340 hectares of pools for shrimp-raising.

Dongying is planning to finish building over 200,000 hectares of grassland by 1992 to raise cattle and sheep, and cultivate 6,670 hectares of land to plant rice.

The governor said farming in this area will support its own industrial development while carrying out its own export of processed by-products and native produce.

He said the region plans to open up industrial development with petrochemical projects taking the lead.

The petrochemical industry will centre around the Shenli oilfield near the city of Dongying. The oilfield started production in 1964—and now turns out about 30 million tons of oil and 1.45 billion cubic metres of gas a year. Its oil production target for 1990 is 50 million tons.

Local authorities plan to build an oil refinery with an annual capacity of 50 million tons, an ethylene plant with an annual capacity of 115,000 tons and a fertilizer factory with an annual capacity of 300,000 tons.

Jiang said his government is going to build a big port at Shenxiangou at the mouth of the river. This will provide a nearer and more convenient way to get Shenli's oil exported and transported to other parts of the country. The oil now has to be sent to Qingdao across the Shandong Peninsula.

The river mouth region also is planning to build a 500,000 kilowatt power station to cater for the increasing need of energy. A 360-kilometre railway line between Longkou and Dezhou through the river mouth area will be constructed.

The governor said the second phase of the development of the Yellow River delta will include more areas inland. Quite a number of the province's major industrial cities, such as Jinan are in the area.

The total industrial output value of these cities was 30 billion yuan last year. Their industrial and technological advantage will "surely be helpful in the economic modernization drive of the delta, while agricultural production in the surrounding rural areas will ensure the cities a sufficient supply of food, by-products and raw materials," Jiang said.

He added, "If this second phase is successful, we will find it easier to persuade our neighbouring provinces to co-operate with us to fulfill the ambitions of the third phase."

Jiang said major problems standing in the way of realizing these plans are the shortage of people with skills and expertise and of capital.

Central-South Region

Sixth Guangdong Party Congress Opens 21 May
HK2405085888 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 21 May 88

[Text] The Sixth CPC Guangdong Provincial Congress solemnly opened at the auditorium of the provincial party committee this morning. Today's meeting of the congress was presided over by Ye Xuanping. At 0930 Ye Xuanping declared the congress open:

[Begin recording] The Sixth CPC Guangdong Provincial Congress has now opened. All stand up for the Internationale. [music] [end recording]

There are all together 793 delegates attending the Sixth CPC Guangdong Provincial Congress; they represent the 2.2 million party members of the province. Present at today's meeting of the congress were 751 delegates and six special delegates. Some veteran comrades who joined the party before the War of Resistance Against Japan and assumed posts above the level of vice governors before the Cultural Revolution as well as persons responsible for democratic parties and the provincial Federation of Industry and Commerce and nonparty patriotic democratic personages and religious figures were invited to the congress as observers. Members and alternate members of the fifth provincial party committee who are not delegates to the sixth provincial party congress, members of the provincial Advisory and Discipline

Inspection Commissions, and principal party member cadres in charge of departments and bureaus directly under the province were also invited to the congress as observers.

[Begin recording] [Ye Xuanping] We now ask Comrade Lin Ruo to deliver a report on work of the fifth provincial party committee.

[Lin Ruo] Comrades, entrusted by the Fifth Guangdong Provincial CPC Committee, I am now delivering a report to the congress for examination and approval. First, achievements scored in the past 5 years. In the 5 years since the fifth provincial party congress held in February 1983, we conscientiously implemented the line, principles, policies, and decisions made by the party Central Committee and worked on carrying out reform, forging ahead, and creating a new situation set at the fifth provincial party congress. [end recording]

On behalf of the fifth provincial party committee, Comrade Lin Ruo delivered a work report entitled "Carry Out the Overall Reform and Advance the Drive for Socialist Modernization." The report consists of six parts: (1) reviewing the work in the past 5 years; (2) implementing the strategy for coastal economic development in an effort to ensure a sustained, coordinated, and faster development of the province's economy; (3) accelerating reform of the economic structure; (4) aggressively advancing reform of the political structure; (5) promoting the building of socialist spiritual civilization to a new level; (6) maintaining high standards of party members and strengthening party building.

In conclusion, Lin Ruo said:

[Begin recording] The tasks ahead of us are both glorious and arduous. Party organizations at all levels and vast numbers of party members of the entire province should have a clear understanding of the situation, pluck themselves up, guard against arrogance and rashness, unite as one and continue to advance in a pioneering spirit so as to guide the people of the entire province to further carry out reform and open up to the outside world, to strive for greater victories in all our undertakings of economic construction, and to build Guangdong into a province with a flourishing economy, political stability, advanced civilization, and prosperous life for the people. We believe that, with the concerted efforts of all party members and vast numbers of the masses of the province, the great historical task entrusted to us by the party and people shall be fulfilled. Our goal can certainly be attained. [end recording]

Secretary Delivers Report

HK2405113988 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 22 May 88

[Text] In his work report at the sixth provincial CPC congress Comrade Lin Ruo put forward the targets and short-term targets of our province's political structural reform and made an exposition of the reform which should be carried out to attain the short-term targets.

Lin Ruo said: Reform of the political structure is an important content of the comprehensive experiment in carrying out reform and opening up in our province. The targets of our province's political structural reform are to gradually establish democracy which suits the development of the socialist commodity economy, and to gradually build a socialist political structure with a complete legal system which has efficiency and vitality. The short-term target of reform is to set up a leadership structure as soon as possible which is beneficial to raising efficiency, strengthening vitality, and arousing the enthusiasm of all quarters. At present, we must begin by solving the problems of [words indistinct] and gradually do well in grasping reform [word indistinct].

It is necessary to:

1. Separate the functions of the party from those of the government and to reform and perfect the party leadership structure.
2. Reform the government and cadre personnel system organs.
3. Establish a system of social consultation and dialogue and enhance the transparency of leadership organs activities.
4. Step up building socialist democracy.
5. Strengthen the building of a socialist legal system.
6. Consolidate and expand the patriotic united front and perfect the system of multiparty cooperation under the leadership of the Communist Party.

Foreigners Allowed To Bid on Shenzhen Property
OW2305202288 Beijing XINHUA in English
1516 GMT 23 May 88

[Text] Shenzhen, May 23 (XINHUA) — Foreign companies will be allowed to participate in a real estate auction to take place in Shenzhen, one of China's five special economic zones, on May 25, officials announced today.

Two pieces of land will be auctioned. One is 4,691 square meters and the other 9,834 square meters.

In the last two years, Shenzhen's economic growth has resulted in the burgeoning of the real estate business. Demand for commercial and residential buildings has exceeded supply, officials said.

Shenzhen's land will still be used mainly for industrial, large infrastructural and residential construction this year.

An area of 2.48 million square meters will be auctioned to Chinese and foreign businessmen this year, according to the Shenzhen government. The government will get about 300 million yuan from the auction.

Hainan Speeds Up Port Construction
OW2205175188 Beijing XINHUA in English
1356 GMT 22 May 88

[Text] Beijing, May 22 (XINHUA) — Ports construction is now in full swing in Hainan Province, expected to become China's biggest special economic zone, to keep up with its fast-growing economy and foreign trade, XINHUA learned here today.

By 1990, Hainan Island will have 11 deep-water berths, which will increase its port handling capacity to over 10 million tons every year, an increase of 30 percent, an official from the Communications Ministry said.

As China's second largest island, he said, Hainan has as many as 68 harbors and now boasts 16 ports with an annual handling capacity of up to 7.5 million tons. Container transport service has been opened between Haikou, capital of Hainan Province, and Japan via Hong Kong.

Five ports are currently under construction, among which Macun and Qinglan Ports are expected to be completed by the end of this year and Yangpu and Wuchang will be put into use next year.

Hainan will also spend about 100 million yuan building two 10,000-dwt deepwater berths at Haikou. Two 5,000-dwt docks at Sanya Port will be upgraded to 10,000-dwt wharfs, the official said.

Henan Leaders Inspect Agricultural Academy
HK2305123288 Zhengzhou Henan Provincial Service
in Mandarin 1130 GMT 18 May 88

[Excerpt] Leading comrades of the provincial party committee and government Yang Xizong, Cheng Weigao, Zhao Di, Yao Minxue, Hu Xiaoyun, Zhang Zhigang, Qin Kechai, and Song Zhaoxu yesterday afternoon inspected the provincial Academy of Agricultural Science.

They visited the seed selection nursery, the variety exhibition plot, the regional experiment plot, and new variety large-area demonstration field in the wheat experimental section of the academy. While touring the field, they asked the hosts many questions concerning wheat breeding and growing, showing special concern for the breeding of new varieties of wheat for Henan Province. They inquired about the special characteristics and potential of every variety, and showed special interest in some new high-yield, good, and disease-resistant wheat varieties, such as Zhengzhou 19201 and Zhengzhou 853. [passage omitted]

Hubei Makes Progress in Industrial Readjustment
HK2405112288 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 20 May 88

[Text] Hubei Province has made progress again in readjusting its industrial product mix this year. As compared with last year, substantial growth has been achieved this year in the following three areas:

First, the energy and raw and processed material industries have witnessed a substantial growth: electric energy production increased by 17.2 percent, diesel oil, strip steel, steel tube, rolled steel, and wire rod that have been in short supply on the market increased by 10 to 38 percent, and soda ash, caustic soda, sulphuric acid, and other chemical products increased by 10 to 24 percent. This has helped mitigate the contradiction between supply and demand.

Second, the output of products for agricultural use has increased by a wide margin. From January to April, the output of chemical fertilizer totaled 47,000 metric tons, an increase of 17.7 percent over the same period last year; the output of plastic film for agricultural use increased by 79.9 percent; and the output of agricultural chemicals increased by 39.9 percent.

And third, the output of principal manufactured goods for daily use increased by a wide margin, with the output of knitwear, matches, soap, household ceramics, plastic products, metal and aluminum wares, table salt, and beverage all increasing by more than 10 percent.

Hubei Revolutionary History Study Group Founded
HK2405071588 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 19 May 88

[Excerpts] The inaugural meeting of the Society for Studies of the History of the Hunan-West Hubei Revolutionary Base was held in Wuchang from 17 to 19 May. Present at the meeting were a total of more than 130 people, including NPC Standing Committee Vice Chairman Liao Hansheng, some old comrades who had worked in the Hunan-West Hubei revolutionary base, some old members of the Second Army Group of the Red Army, Hunan and Hubei provincial leading comrades Huang Zhizhen, Qian Yunlu, and Shi Bangzhi, experts, scholars, and party history researchers.

Huang Zhizhen made a report on the founding of the society. [passage omitted] Huang said: The Society for Studies of the History of Hunan-West Hubei Revolutionary Base is an academic organization operating under the guidance of the commissions for collecting and compiling party historical data of Hunan and Hubei Provinces and under the leadership of the Hunan and Hubei provincial party committees. Its aims are to collect and sort out historical materials concerning the Hunan-West Hubei revolutionary base, to study and sum up historical experience, to carry out education in revolutionary traditions, and to serve the building of the two civilizations.

NPC Vice Chairman Liao Hansheng was unanimously elected honorary chairman of the society. Amid warm applause he addressed the meeting. [passage omitted]

Comrade Qian Yunlu addressed the meeting on behalf of the Hubei provincial party committee. [passage omitted]

After a lively discussion, the old comrades and delegates present adopted the constitution of the society and the name list of members of the society's leading body, and worked out a work plan.

Thanks to the meeting, members of the NPC Standing Committee Song Yiping and Deng Jiatai, member of the Advisory Commission of the CPC Central Committee He Biao, and member of the CPPCC National Committee (Liao Shuyun), and other old comrades-in-arms met again for the first time since they left the revolutionary base.

Also present at the meeting were Zheng Shaowen, former vice president of the Supreme People's Court; (He Yixiang), former deputy commander of the Nanjing Military Region; and (Zhang Xiulong), former deputy commander of the Wuhan Military Region. During the meeting, Guan Guangfu, secretary of the Hubei Provincial CPC Committee; and Guo Zhenqian, governor of Hubei Province, called on the old comrades and guests participating in the meeting.

Hubei Leaders Attend Fabric Fashion Show
HK2305124488 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 18 May 88

[Text] Provincial party committee Secretary Guan Guangfu and Governor Guo Zhenqian this morning watched with great zest a ramie fabric fashion show when visiting a provincial ramie fabric garment exhibition.

Six fabric series, including the ramie-cotton, ramie-wool, ramie-polyester, and ramie-silk fabrics, have been developed in the province this year. When watching the fashion show, Comrade Guan Guangfu said to some comrades from the textile industry: I hope that you will take the lead in dressing garments made of ramie fabric, so as to popularize the fabric and play a role in shaping a new consumption pattern. It is necessary to design more fashions for middle-aged and old people and meet their needs.

Guo Zhenqian said: In actively developing ramie fabric, the textile industry has done Hubei peasants a good turn; it has helped to raise their income and, at the same time, eased the shortage of raw materials for the textile industry in this province and given rise to some new garment products. Guo also expressed his hope that garment factories will mass-produce those garments on show so as to meet the market demand.

Southwest Region

Guizhou Leaders Welcome Consultative Work Group
HK2405112988 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 21 May 88

[Text] Yesterday [21 May] afternoon, leading comrades from the provincial party committee, People's Congress, government, and CPPCC Committee, including Hu Jintao, Zhang Yuhuan, Wang Chaowen, and Miao Chunting, met with all members of a Guizhou-bound consultative work group, headed by Xu Caidong, vice chairman of Jiu San Society Central Committee, in (Ningyuan) Guesthouse, Guiyang.

At the meeting Xu Caidong, head of the Guizhou-bound consultative work group and vice chairman of the Jiu San Society Central Committee, briefed our province's leading comrades on the main contents of supporting the border areas with intellectual resources by the work group in Guizhou. The work group will also investigate Bijie Prefecture's strategy for economic development and at the same time, will study some specific items for supporting the border areas with intellectual resources.

Comrade Xu Caidong said: This is the first time that the work group has come to Guizhou. It will come frequently in the future. It will regard Bijie Prefecture as a key point in supporting the border areas with intellectual resources.

The leaders of our provincial party and government expressed a warm welcome to the Guizhou-bound work group organized by the United Front Work Department of the CPC Central Committee, the State Nationalities Affairs Commission, the central committees of the democratic parties, and the border area support coordinated group of the All-China Federation of Industry and Commerce, which has come to Guizhou to support the border areas with intellectual resources.

Comrade Hu Jintao said: The work group comes to Guizhou to conduct investigation and regard Bijie Prefecture, the poorest prefecture in our province, as an experimental area in supporting the border areas with intellectual resources. This is great support for our province and an indispensable guarantee of doing the work properly in this prefecture. We express our heartfelt thanks. The consultative work group will put forward valuable suggestions and views on our province's economic construction and development of resources.

Responsible persons from all democratic parties and the Federation of Industry and Commerce in our province attended the meeting.

The Guizhou-bound consultative work group will go to Bijie Prefecture today [22 May] to conduct investigation.

Guizhou Issues Circular on Gas Explosion
HK2305132688 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 18 May 88

[Text] According to a report which is prominently featured on the front page of today's [19 May] issue of GUIZHOU RIBAO, the provincial people's government has issued a circular on an extraordinarily serious gas explosion at a small coalpit in (Anle) Village, (Ertang) Township, (Zhongshan) District, Liupanshui City. The circular demanded that all areas draw from this lesson paid for with blood, and promote production safety.

During the extraordinarily serious gas explosion at the small coalpit in (Anle) on 6 May, 45 people were killed, 2 were seriously injured, and 3 were slightly injured. (Chen Zhengkui), owner of the small coalpit, has been arrested.

Sichuan Military District Nonmilitary System
HK2305155988 Chengdu Sichuan Provincial Service
in Mandarin 0915 GMT 20 May 88

[Text] The pilot project for introducing a nonmilitary cadre system, which was undertaken by the Financial Cadres' Training Institute of the Sichuan Provincial Military District, was completed yesterday. All the 23 military officers on the active list of the institute were reappointed to nonmilitary posts.

The present pilot project was launched on 11 May in accordance with a decision made by the Chengdu Military Region as a part of a PLA headquarters plan. Before this pilot project was launched some cadres had doubts about the introduction of this new reformatory nonmilitary cadre system into the Army. Financial Cadres' Training Institute authorities made efforts to dismiss their doubts by convincing them and by organizing study classes, discussions, and lectures on the PLA's traditions given by veteran cadres of the institute. As a result, these cadres have realized that the introduction of the nonmilitary cadre system is an important reform of the PLA's cadre system and an important measure to perfect the Army's cadre system and to expedite the modernization and regularization of our revolutionary Armed Forces. At the same time, all institute cadres now have a more accurate and profound understanding of the interim regulations governing nonmilitary cadres and have pledged to give full support to the reform.

Institute staff members generally agreed that the introduction of the nonmilitary cadre system can help stabilize the staff and is favorable to the long-term development of the institute. Now, all 23 cadres of the institute, who used to have the status of military officers, have happily switched over to the nonmilitary cadre system.

Chengdu Military Command Military Contest Ends
HK2405113488 Chengdu Sichuan Provincial Service
in Mandarin 0915 GMT 21 May 88

[Excerpts] A large-scale military skills competition, which had been ignored for years, reappeared at the site of the Chengdu Military Command on 15 May. The competition includes five military contests. After 6-days of an intensive and fierce wrestle, the competition came to a successful end yesterday afternoon. [passage omitted]

The military skills competition was the prelude to a larger one to be scheduled this year. According to the departments concerned of the Chengdu Military Command, the second military skills competition is expected to be held in mid-July this year and its scale will be much larger than before.

Wan Haifeng, political commissar of the Chengdu Military Command, spoke at the prize-awarding meeting yesterday afternoon. Deputy Chief-of-Staff (Yang Anzhong) made a closing speech. Political Department Deputy Director (Liu Xichu) read a circular of commendation. Present at the prize-awarding meeting were Deputy Commander Ma Bingchen, Deputy Political Commissar Li Shuo, and leaders of the staff headquarters, the Political and Logistics Departments and other large units of the Chengdu Military Command.

Tibetan Official Says Liberation Improved Life
OW2405084588 Beijing XINHUA in English
0627 GMT 24 May 88

[Text] Lhasa, May 24 (XINHUA) — The peaceful liberation of Tibet in 1951 signalled the start of a bright and a happy life for Tibetans, a top Tibetan official said this week.

Jimzhong Gyaincain Puncog was commenting on the 37th anniversary Monday of the signing of an agreement between the central people's government and the local government.

"The signing of the agreement has freed Tibetans from the invasion and oppression of imperialism," he said.

"And since then, we Tibetans have enjoyed equal rights with other nationalities in China and are given autonomy."

Jimzhong participated in the negotiations, as the secretary of Ngapoi Ngawang Jigme, Tibet's chief delegate.

"Now some people make up stories that the agreement was signed under armed pressure. But I was there and have a responsibility to clarify the facts," said Jimzhong, a vice-chairman of the Tibet Regional Committee of the Chinese People's Political Consultative Conference (CPPCC).

He said that in October 1990, when Changdu was liberated, the ties with Lhasa were broken. Wang Qimei, a high-ranking official of the People's Liberation Army and Ngapoi Ngawang Jigme, then garrisoned in Changdu, let Jimzhong and another Tibetan take peace proposals to Dalai Lama in Lhasa.

The Dalai Lama finally agreed to send a plenipotentiary to Beijing to negotiate an agreement.

Negotiations were undertaken on an equal basis and the Dalai Lama was consulted by telegram on matters his plenipotentiary could not decide alone, said Jimzhong.

After the agreement was signed, the Dalai sent a telegram to the central government, saying that Tibetans unanimously supported the measures.

Lhalu Cewang Doje, another vice-chairman of the Tibet Regional Committee of CPPCC said the agreement is in keeping with the interests and aspirations of Tibetans.

North Region

Beijing People's Congress Approves Appointments
SK2505065988 Beijing BEIJING RIBAO
in Chinese 15 May 88 p 1

[Excerpts] On 13 and 14 May, members participating in the second Standing Committee meeting of the municipal People's Congress conscientiously examined some component personnel of the municipal government which were submitted by the mayor to the Standing Committee. On the afternoon of 14 May, these members voted approval of the appointment of 41 people.

On the morning of 13 May, Mayor Chen Xitong led these 41 comrades, who were nominated as chairmen of various committees and directors of various offices and bureaus under the municipal government, to the meeting hall to meet members of the provincial People's Congress Standing Committee. It is unprecedented that those who are appointed go to meet People's Congress members. [passage omitted]

Then, entrusted by Mayor Chen Xitong, Vice Mayor Zhang Jianmin introduced the appointed personnel one after another, and made a report and explanation on the situation of these personnel. [passage omitted]

Zhang Jianmin said: Of these 41 appointed personnel, 39 are reappointed, and 2 are new. The reason why we appoint these personnel is that their quality is good, and conditions for their assuming the posts are good. The reappointed comrades worked hard, fulfilled their duty, and displayed a very good role during their previous term. He said: These comrades have rich experiences on the work of grass-roots units and good ability to make macroeconomic decisions and policies. Of them, 68.3 percent have specialized knowledge and have engaged in specialized operation work; and 75.6 percent or 31 people have received a university education or higher. Their average age is 53.7 years. These comrades meet the "four requirements of cadres" set forth by the central authorities. The overall structure of these comrades is also relatively rational. [passage omitted]

Beijing CPC Committee Sets Up New Work Bodies
SK2505005688 Beijing BEIJING RIBAO
in Chinese 15 May 88 p 1

[Text] To suit the new situation of reform and opening up and to strengthen and improve party work among the municipal party and administrative organs, the Beijing Municipal CPC Committee recently decided to establish the work committee of departments directly under the Beijing Municipal CPC Committee and the work committee of state organs of the Beijing Municipal CPC Committee. The

former committees of departments directly under the Beijing Municipal CPC Committee and state organs of the Beijing Municipal CPC Committee will be abolished. As agencies of the municipal party committee, these two committees will, respectively, guide the party work of departments directly under the municipal party committee and of municipal state organs.

On 9 May the municipal party committee issued a circular to various district and county party committees and to leading party groups and party committees of various departments, pointing out that party building among party and administrative departments is an important part of the entire party building and that it is particularly important to strengthen and improve party work among various departments. The municipal party committee called on party organizations of departments at all levels to strengthen leadership over party work of their departments in line with reality. All levels of party-member leading cadres should conscientiously subject themselves to the supervision of party organizations and party members. Administrative leaders at all levels should be warmly concerned with and positively support the party work of their departments.

Beijing Officials Attend Trade Union Congress
SK2505004988 Beijing BEIJING RIBAO
in Chinese 13 May 88 p 1

[Excerpts] Entrusted with a mission by the municipality's 3.2 million workers and staff members, more than 700 trade union representatives from all trades and professions met on 12 May to hold the Eighth Beijing Municipal Trade Union Congress.

The major tasks of this congress are to summarize trade union work over the past 5 years, to define the principles and tasks for the municipal trade union work in the coming 5 years, and to democratically elect the leading body of the eighth committee of the municipal Trade Union Council.

Present at the congress were Li Ximing, secretary of the municipal party committee; Chen Xitong, mayor of the municipality; Chen Bingquan, vice president of the All-China Federation of Trade Unions; Wang Xun and Li Xueying, secretaries of the All-China Federation of Trade Unions Secretariat; Xu Weicheng and Li Qiyang, deputy secretaries of the municipal party committee; Yuan Liben, secretary general of the municipal party committee; and responsible people of pertinent departments and mass organizations.

Participants in the congress listened to the work report "Unite All Workers and Staff Members of the Municipality To Plunge Into Reform With the Spirit of Being the Masters, and To Serve as the Main Force To Build a Modernized Capital," delivered by Han Kai, president of the municipal Trade Union Council. [passage omitted]

Li Ximing congratulated the opening of this congress on behalf of the municipal party committee and government. He said: Over the past 5 years, the capital has achieved remarkable results in all undertakings, thanks to the great efforts of the vast number of workers and staff members and trade unions at all levels. However, reform undergoes a profound change involving the rights and profits of all fields of society. In changing a series of old ideas, concepts, work systems, and work mode, we will certainly meet with difficulties and setbacks. He expressed hope that the vast number of workers and staff members will continue to correctly handle the relations between the fundamental interest and the immediate interest with the spirit of being the masters, will overcome all kinds of difficulties and obstructions, and will make unremitting efforts to push forward all reform projects. Trade unions at all levels should also positively organize and mobilize the vast number of workers and staff members to plunge into the mighty torrent of reform in a more conscientious manner so that they will be the masters of the reform. He pointed out: Because trade union reform is an important part of political structural reform, party committees at all levels should guide and support trade unions in carrying out reform. We should make a clear distinction among the functions of the party, the government, and the trade union organizations and should rationalize the relations among the party, the government, and the trade union organizations, so that these organizations can conduct their work independently and positively in line with their special features. Then, we will gradually attain the goal that the masses handle their own affairs. [passage omitted]

Beijing Works Out Rules for Development Zone
OW2405131188 *Beijing Domestic Service in Mandarin*
2130 GMT 20 May 88r

[Text] The Beijing people's government yesterday promulgated provisional regulations for a new technology development experimental zone in Beijing, thus providing legal guarantees for the development of new technology in the Zhongguancun area. The regulations stipulate: the Zhongguancun area will serve as a center; an area of about 100 square kilometers in Beijing's Haidian District will be designated as an export-oriented and open type of new technology development experimental zone. The development zone will be set up to promote better integration between science, technology, and production and the development of technology and economy.

The provisional regulations also provide for preferential tax reduction and exemption to be granted to new technological enterprises in the experimental zone. New technological enterprises will enjoy tax exemption for 3 years from the day of their founding, and a preferential tax rate of 50 percent less than the regular tax rate from the 4th to 6th year. The same preferential treatment will be given to new technological enterprises invested by foreign businessmen.

The regulations also provide for preferential treatment for new technological enterprises in the new experimental zone in the area of import of materials, bank loans,

and approval of exit visas for commercial and technological personnel. The provisions encourage scientists and technicians to hold concurrent jobs at, work for, or run or contract various types of new technological enterprises. The relevant departments should actively support and provide services to new technological enterprises, and protect their legitimate rights.

The regulations promulgated by the Beijing municipal people's government also permit new technological enterprises to recruit college graduates, postgraduate students, returned overseas students, and foreign experts.

Hebei Party Secretary Attends Award Meeting
SK2505002588 *Shijiazhuang HEBEI RIBAO*
in Chinese 11 May 88 p 1

[Text] On the afternoon of 9 May, the provincial government held a meeting on behalf of the State Council to issue certificates of citation and of honor to nine advanced collectives and six advanced people who failed to attend the national rally held in Beijing to commend advanced collectives and individuals who did a good job in national unity and progress.

Ye Liansong, member of the Standing Committee of the provincial party committee and vice governor, presided over the award meeting. Attending the meeting were leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, and CPPCC Committee, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Lu Chuanzan, Yang Zejiang, Yue Zongtai, Xu Chunxing, and Wang Shusen. More than 100 people attended the meeting, including responsible persons of the provincial-level departments concerned and students of nationalities and Tibetan classes at Hebei Teachers Training Institute.

Li Wenshan, deputy secretary of the provincial party committee and chairman of the provincial CPPCC Committee, gave a speech at the meeting. On behalf of the provincial party committee and the provincial government, he first extended sincere thanks and high respect to advanced collectives and people who have contributed to national unity and progress over the past few years. He said: Over the past few years, our province has scored remarkable achievements in nationalities work. However, the general production level of the minority areas is still very low. There is a serious shortage of minority cadres, and the cultural level of the minority people is comparatively low. All localities should enhance their understanding of the importance of nationalities work, intensify their awareness of successfully carrying out nationalities work and implementing the party's policy towards nationalities, actively popularize and publicize the vivid deeds of the advanced collectives and individuals who do good job in national unity, make these advanced experiences blossom and bear fruit in all localities, and make them have an extensive influence and display a greater role. We should

adopt effective measures, further promote the development of economic and cultural undertakings of minority people, rapidly end the situation in which economic and cultural undertakings in our province's minority areas are comparatively backward, strengthen national unity, and further develop the excellent situation of stability and unity.

Hebei Governor Receives Belgian Delegation
SK2205070388 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 5 May 88

[Text] On the afternoon of 5 May, Yue Qifeng, newly elected governor of Hebei Province, received two Belgian guests at the reception hall of the provincial Foreign Affairs Office, including (Herman Bahacha), governor of the East Flanders Province of the Kingdom of Belgium.

During the reception, Yue Qifeng delivered a speech in which he welcomed the visit by the Belgian guests and stated: We are greatly interested in establishing friendly ties with the East Flanders Province. He hoped that the two provinces will enhance mutual understanding and be able to continuously study economic, scientific and technological, and cultural exchanges and cooperation so as to lay a foundation for establishing friendly ties between the two provinces. In his speech, Yue Qifeng also wished the Belgian guests good health and a happy tour in the province. He also asked Governor (Herman Bahacha) to visit Hebei again if it is convenient.

This is the first visit by Governor (Herman Bahacha). The visit is aimed at carrying out consultations on establishing friendly ties between the two provinces.

During the reception, Governor (Herman Bahacha) also delivered a speech in which he congratulated Yue Qifeng on his new post as governor and extended thanks for the welcome given by the Hebei provincial authorities here.

After the reception, Yue Qifeng gave a banquet to honor the Belgian guests.

Inner Mongolia's Wang Attends Party Session
SK2205112388 Hohhot Inner Mongolia Regional Service in Mandarin 1030 GMT 19 May 88

[Text] The Sixth Plenary Session of the Fourth Inner Mongolia Regional CPC Committee was held in Hohhot from 18 to 19 May. Members and alternate members of the regional party committee attended the session. Attending the session as observers were members of the regional Advisory and Discipline Inspection Commissions; principal leading comrades of party and government organs of various leagues and cities; and principal responsible comrades of various departments under the organs directly subordinate to the regional party committee and the regional government.

The session was presided over by Wang Qun, secretary of the regional party committee; and Bu He, Qian Fenyong, Batu Bagen, and Yian Congming, deputy secretaries of the regional party committee.

On behalf of the Standing Committee of the regional party committee, Comrade Wang Qun delivered a work report at the session. His report has four parts: 1) the change of terms of the regional People's Congress and the regional CPPCC Committee; 2) the current situation; 3) strengthening leadership over economic work, with reform playing a dominant role in overall work; and 4) implementing the guidelines of the national commendation rally on nationality unity and progress.

On behalf of the Standing Committee of the regional party committee, Zhou Rongchang, member of the Standing Committee of the regional party committee and director of the regional party committee, explained the suggested namelists of leading personnel of the regional People's Congress Standing Committee, the regional government, and the regional CPPCC Committee, which were submitted by the Standing Committee of the regional party committee to the seventh regional People's Congress and the sixth regional CPPCC Committee.

Amid a vivid atmosphere of democracy and unity, the session's participants conscientiously discussed Comrade Wang Qun's work report. They maintained that the personnel arrangements and suggested namelists submitted by the Standing Committee of the regional party committee to the seventh regional People's Congress and the sixth regional CPPCC Committee are relatively applicable. The suggested namelists fully embody the historical and immediate situations of Inner Mongolia; proceed from reality and the whole situation of the region's unity and construction; embody the principles of overall consideration and all-round arrangement, improving structure, and enhancing quality; and are conducive to implementing the line of the 13th party congress, strengthening the region's unity and construction, and promoting the region's reform and opening up. The session's participants felt that these suggested namelists were deliberated and raised in a democratic and open manner.

The session's participants maintained: Since the fifth enlarged plenary session of the fourth regional party committee, party organizations at all levels throughout the region have generally been successful in implementing the guidelines of the 13th party congress by letting reform play a dominant role in overall work. They have also successfully organized the implementation of resolutions adopted by the fifth enlarged plenary session of the fourth regional party committee.

Over the past 5 months, party organizations at all levels throughout the region have firmly followed the principle of unity and construction and have accelerated the pace of reform and opening up by focusing on the work of

further emancipating our minds and further liberating productive forces, thus promoting the sound development of the region's political and economic situation.

The session stressed: As long as the whole party works hard with one heart and one mind the energetically pioneers the road of advance, it will certainly be able to lead the 20 million cadres and masses of various nationalities throughout the region to fulfill glorious tasks.

Tianjin Government, Congress Leaders Elected
OW2505095188 Beijing XINHUA Domestic Service
in Chinese 1212 GMT 22 May 88

[Text] Tianjin, 22 May (XINHUA) — Li Ruihuan was reelected mayor of Tianjin today at the 1st Session of the 11th Tianjin Municipal People's Congress.

Nie Bichu, Zhang Lichang, Li Changxing, Lu Huan-sheng, Li Huifen [2621 1979 5358] (female), Li Zhen-dong [2621 2182 2639], Zhang Zhaoruo [1728 2507 5387], and Qian Qiao [6929 0366 3870] were elected vice mayors. They were elected from among 11 vice mayor candidates.

Wu Zhen, former deputy secretary of the Tianjin Municipal Party Committee and chairman of the Tianjin Municipal CPPCC Committee, was elected chairman of the Standing Committee of the 11th Tianjin Municipal People's Congress. Li Yuan, Liu Zengkun, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fujing, Shi Jian, Zhu Wenju [2612 2429 2829], Bai Hualing, and Pan Yiqing [3382 5030 3237] were elected vice chairmen.

Mayor on Urban Construction
OW2305003488 Beijing XINHUA Domestic Service
in Chinese 0016 GMT 16 May 88

[By reporters Ma Jie and Dou Heyi]

[Text] Tianjin, 16 May (XINHUA) — The 1st Session of the 11th Tianjin Municipal People's Congress opened yesterday. Mayor Li Ruihuan told the deputies at the meeting: In the next 5 years, Tianjin will continue to earmark some funds every year from local financial resources to improve the urban infrastructure, with emphasis on energy, transport, and post and telecommunications projects. The funds will increase year by year with the increase of municipal revenues.

Li Ruihuan said: In the next 5 years, we will pay attention to the expansion and construction of five major power plants, and plan to increase power generation capacity by 2 million kilowatts, which is 1.5 times the present power generation capacity. The additional capacity will alleviate the power supply shortage.

He said: In transport projects, we will transform and expand the Tianjin Harbor to increase its cargo handling capacity to 30 million metric tons from the present capacity of 20 million metric tons. We will transform the

Tianjin Railway Terminal, and extend local railroads and enhance their passenger and freight transport capacity. We will complete the Beijing-Tianjin-Tanggu expressway and form a comparatively advanced highway transport network. We will build the Tianjin airport into an air passenger and cargo transport center with air cargo transport as its main task, and gradually form a sea-air-land transport system. In addition, we plan to complete 3 loop roads and 14 radiating roads in the city, extend subways, add new bus routes, and form an urban transport network connecting all districts.

Li Ruihuan emphasized: We should further accelerate the development of post and telecommunications. We plan to complete the renovation of the main postal building and put it into operation this year. By 1992, we will add 150,000 telephones to urban switchboards, further improve long distance telecommunications equipment, and offer dial telephone service to major domestic and foreign cities.

According to Li Ruihuan, the urban infrastructure construction in the next 5 years will also include the second-phase construction of a waterworks designed to increase daily water-processing capacity by 500,000 metric tons, construction of a waste water processing plant with a daily processing capacity of 400,000 metric tons, and improvement of the sewer system in Jiancheng District.

To our knowledge, in the last 5 years Tianjin Municipality has successively completed a number of key urban infrastructure projects, including the project for drawing water from the Luan River; the expansion or building of some waterworks; the expansion of one power plant; the rebuilding of one power plant; and the construction of a waste water processing plant which is the largest in China, two gas plants, the central loop road, the outer loop road, a key long-distance telecommunications project, and a switchboard for 51,000 program-controlled telephones. These projects have greatly improved Tianjin's utility facilities, transport, and telecommunications, and people at home and abroad are praising Tianjin as a city with a good investment environment.

Tianjin Mayor Warns Against Abusing Power
OW2405131088 Beijing XINHUA Domestic Service
in Chinese 1629 GMT 19 May 88

[Text] Tianjin, 19 May (XINHUA) — Passing official affairs at a Tianjin municipal government meeting on 18 May, Mayor Li Ruihuan admonished government officials to be honest and upright, and not "to make money by abusing authority," nor "to increase income" by engaging in commercial business.

Li Ruihuan said: Party and government officials must not engage in commercial business to earn money to improve their livelihood. "One who abuses his power to make money can never be honest and upright," he said. Citing an example, he said: It is easy for a government unit to make money. With the mayor's approval, a

government unit can appropriate rolled steel sold at a fixed price, with which it can make money or build commercial buildings. But any government unit that serves the people should not do this.

Li Ruihuan said: Leading authorities and the masses are aware that the life of personnel working in units under the Tianjin government is quite hard because they are not entitled to bonuses. The leading authorities are studying ways to deal with this problem. But by no means should anybody "make money by engaging in commercial business." Under no circumstances should any government official do so, nor should he extort or solicit money from subordinate enterprises. Anyone who wants to make money by engaging in a business of his choice should resign; the municipal government will keep his position open for him but stop giving him pay.

Tianjin's Li Ruihuan Receives German Guests
SK2305121988 Tianjin TIANJIN RIBAO
in Chinese 8 May 88 p 1

[Text] On the evening of 7 May at the Yingbin Hall, Li Ruihuan, member of the Political Bureau of the CPC Central Committee, secretary of the Tianjin Municipal CPC Committee, and mayor of the municipality, cordially received and feted members of the delegation of the Berlin District Socialist Unity Party Committee headed by Guenter Schabowski, member of the Political Bureau of the Central Committee of the Socialist Unity Party of Germany and concurrently first secretary of the Berlin District Party Committee.

Li Ruihuan introduced to the delegation Tianjin's achievements and changes made since implementation of the policy on reform and opening to the outside world. He also gave the delegation a warm welcome for its visit to Tianjin. He said: We know that your country has made rapid economic development, the people's standard of living has been comparatively high, and urban construction is amid good progress. As an open coastal city, Tianjin is able to conduct cooperation in many fields with you. This visit by you is a good beginning in developing the relations between us.

Guenter Schabowski spoke highly of Tianjin Municipality's new changes ceaselessly made over the past few years. He stated that by visiting Tianjin, they have acquired a realistic understanding of implementation of the policy on reform and opening to the outside world in a socialist country.

Accompanying the delegation to Tianjin were Erhard Krack, mayor of Berlin; and Rolf Berthold, German ambassador to China. Tan Shaowen, deputy secretary of the municipal party committee; and Geng Jianhua, deputy head of the Foreign Affairs Office under the municipal government, accompanied the delegation's tour of the municipality.

Also attending the reception were Xu Weicheng, deputy secretary of the Beijing Municipal CPC Committee; and Zhang Zhaoru, deputy secretary general of the Tianjin municipal government.

During their stay in Tianjin, members of the delegation visited the Tianjin economic and technological development zone, container wharf of Tianjin Harbor, and sewage treatment plant; and also had a look around the city. The guests from the German Democratic Republic left Tianjin by special plane this morning. Leaders, including Li Ruihuan, bid farewell to the guests at the guesthouse this morning.

Tianjin Expanding Cargo Facilities
HK2505092188 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0852 GMT 20 May 88

[Text] Hong Kong, 20 May (ZHONGGUO TONGXUN SHE)—According to a report from Tianjin, Ma Zhanao, vice director of the Tianjin Municipal Transport Commission, told reporters that Tianjin will take 2 years to improve its airport and harbor facilities. Cargo air services will be increased and more docks and warehouses will be built so as to make Tianjin the biggest cargo transport base in northern China.

Tianjin is a harbor city. The import and export of goods relies mainly on maritime transport. At present, Tianjin has four container docks with an annual handling capacity of 400,000 containers. However, the harbor only handled 180,000 containers in 1987, accounting for a mere 40 percent of its handling capacity. Last year, the total volume of goods imported or exported through Tianjin was some 18 million tons, but the handling capacity of the harbor is 22 million tons. So Tianjin harbor has potential still to be tapped.

Ma Zhanao pointed out that the utilization rate of Tianjin Airport is still rather low. There are only 20 international air service lines operating from Tianjin Airport, and they are mainly passenger transport services. The volume of air cargo transport is still very small. In line with economic development in Tianjin, export materials will increase annually. The city is planning to improve cargo handling facilities in the airport and harbor. It is planned to increase the number of cargo transport planes in the next 2 years and build more warehouses in the vicinity of the airport. In addition, roads between the airport and various docks, and various facilities in the airport and the harbor, will be improved to make it more convenient for air and maritime coordinated transport.

He revealed that, in the Eighth 5-Year Plan, Tianjin will build another four container docks. At present, cargo sometimes piles up at Beijing Airport, which is facing rather heavy cargo transport pressure. If Tianjin Airport can increase its volume of cargo transport then it can help alleviate Beijing Airport's tension.

Northeast Region

Daqing Oilfield 'Struggling' To Sustain Output
OW2205090288 Beijing XINHUA in English
0615 GMT 22 May 88

[Text] Beijing, May 22 (XINHUA) — Faced with naturally decreasing output, China's biggest oilfield of Daqing is struggling hard to sustain its total output by the use of foreign loans and constant emphasis on technological renovation.

Daqing, in the northernmost province of Heilongjiang, has obtained 1.097 billion U.S. dollars from the World Bank and the Export-Import Bank of Japan to develop six peripheral oilfields, reports today's "CHINA DAILY".

The annual output of crude oil in these oilfields was 1.4 million tons (some 9.5 million barrels) last year and is expected to reach 2.7 million tons next year.

"This is very important to sustaining Daqing's annual output of over 50 million tons (some 365 million barrels) as the output of many o/d oil wells decreases," the paper quoted an oilfield official in charge of the use of foreign loans.

The official said another five peripheral oilfields are planned, with an estimated investment of 250 million U.S. dollars and a production capacity of one million tons of crude oil. He hopes to use loans from the Bank of China because its lending procedures are much more simple than those of foreign sources.

The oilfield's 1,800 imported electric pumps have helped increase daily output by 18,000 tons. Seismic equipment imported from France has greatly accelerated exploration work. Four drilling machines imported from the United States have cut the labour intensity, the paper said.

It has also imported advanced computer systems worth 200 million U.S. dollars from France and the United States for data processing.

However, the paper noted that with 13,400 technical personnel and a shortage of foreign exchange, Daqing realizes it must rely primarily on itself to solve most of its problems.

To make up losses from decreasing output in the main field, Daqing is carrying out dozens of research projects. All the research subjects are strictly related to production and more than 80 percent have been put into operation.

Since 1981, investment in research has amounted to 270 million yuan, with 702 projects concluded successfully and 31 projects up to advanced world levels.

Heilongjiang Vegetable Growers Leave for USSR
OW2305133488 Beijing in Russian to the USSR
1800 GMT 20 May 88

[Text] According to the newspaper ZHONGGUO QINGNIAN BAO, 44 Chinese vegetable growers from the border town of Suifenhe, in Heilongjiang Province, recently left for a state farm in Grodekovo City in the Soviet Union.

The export of labor services from this transshipment port is being carried out for the first time since the establishment of the PRC. Most of the vegetable cultivating specialists who departed for the USSR are outstanding young rural workers. They will grow cucumber, cabbage, tomato, and so forth, on an area of 40 hectares within the Soviet Union. They will work there for 5 months.

Fifth Jilin CPC Congress Conducts Business

2nd Presidium Meeting Held
SK2505050288 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 21 May 88

[Text] On the afternoon of 21 May, the Presidium of the Fifth Jilin Provincial CPC Congress held its second meeting which was presided over by Comrade He Zhukang.

During the meeting Comrade Wang Zhongyu, on behalf of the fourth provincial party Standing Committee, delivered a report giving details on the namelists of candidates for the members and alternate members of the fifth provincial party Standing Committee, for the members of the provincial Advisory and Discipline Inspection Commissions.

The meeting approved these namelists, a resolution on submitting them to the congress delegates for deliberation and consultation, the draft rules and regulations on election at the fifth provincial party congress, a resolution on submitting these draft rules and regulations to the congress delegates for discussion, and the namelist of chief ballot supervisor and ballot supervisors for the congress election.

Forty-nine members of the Presidium attended the second meeting.

4th Presidium Meeting Held
SK2505050488 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 23 May 88

[Text] On the morning of 23 May, the Presidium of the Fifth Jilin Provincial CPC Congress held its fourth meeting. Comrade He Zhukang presided over the meeting.

The meeting adopted namelists of candidates to be chosen as members and alternate members of the fifth Jilin CPC Committee and as members of the provincial Discipline Inspection Commission, which were elected by delegates at a preliminary election where there were

members of the seventh Qinghai provincial party committee, members of new provincial Advisory and Discipline Inspection Commissions and decided to submit those name lists to all delegates for consideration and discussion. The meeting discussed and examined a draft of electoral procedure for the Seventh CPC Qinghai Provincial Congress and decided to submit the draft to delegates for consideration and discussion.

Comrade Yin Kesheng delivered a speech at the meeting. Present at the meeting were members of the presidium's Standing Committee Liu Feng, Huanjue Cailang, (Lu Shengdao), (Qian Chenting), (Zeng Baoyu), Han Yingxuan, (Tang Dengren), Bian Yaowu, Ma Wanli and Duo Ba.

Holds 6th Presidium Meeting
*HK2505103688 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 23 May 88*

[Text] The Presidium of the Seventh CPC Qinghai Provincial Congress held its sixth meeting this morning. The meeting was presided over by (Lu Shengdao), permanent member of the Presidium.

The meeting listened to a report made by (Mu Yanhai), general vote counter of the congress, on results of the preliminary election of candidates for alternate members of the Seventh Qinghai Provincial CPC Committee. It adopted lists of candidates for members and alternate members of the Seventh Qinghai Provincial CPC Committee, candidates for members of new provincial Advisory and Discipline Inspection Commissions. The lists were submitted to all delegates for discussion.

Present at the meeting were permanent members of the Presidium Yin Kesheng, Song Ruixiang, Liu Feng, Huanjue Cailang, (Qian Chenting), Lu Baoyun, Han Yingxuan, (Tang Dengren), Bian Yaowu, Ma Wanli, and Duo Ba.

Secretary Delivers Report

*HK2405112188 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 21 May 88*

[Text] In his report at a CPC congress, Comrade Yin Kesheng said: The orientation of the present enterprise reform in our province is to solve the problem of separating the functions of government from those of the enterprises, and the problem of separating proprietary and management rights. Without a change in proprietary rights, the enterprise must be gradually separated from the government and the right of possession of the assets, the right of use, and the right of disposal according to the law must be handed over to the enterprise so that the enterprise can directly face market competition, can operate by itself, and can assume sole responsibility for profits and losses.

In contracts it is necessary to introduce the competitive mechanism and the contractor must undertake the risk, operate on his own initiative, and strive for development by himself. It is essential to change the short-term contract for the long-term contract so that short-term action can be overcome and the contracted management responsibility system can be completed, perfected, deepened, and developed.

It is imperative to deepen enterprise internal reform so that responsibility, power, and interests can be combined at all levels, and the enthusiasm of the enterprise and the worker can be fully aroused. We must vigorously study many forms of operation including lease, transfer, stock, joint venture, and joint operation, and encourage different trades, professions, and enterprises under different forms of ownership to conclude contracts or leases with each other [words indistinct]. At the same time it is necessary to seriously publicize and enforce the enterprise law and to push enterprise reform forward.

more candidates than posts; and a namelist of candidates to be elected as members of the provincial Advisory Commission, which had been discussed and approved by all delegates. The meeting decided to submit these four namelists to all the delegate for further discussion and consultation.

The meeting also adopted draft resolutions of the Fifth Jilin CPC Congress on the report given by the fourth provincial party committee, and on the work reports of the provincial Advisory and Discipline Inspection Commissions. These draft resolutions were submitted to various delegations for discussion.

Congress Ends

*SK2505045588 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 24 May 88*

[Text] After satisfactorily accomplishing all tasks, the 5-day Fifth Jilin Provincial CPC Congress concluded on the afternoon of 24 May. The congress called on party organizations at all levels and all party members in the province to unite the people of all nationalities throughout the province to enhance their spirit, work conscientiously, pioneer the road of advance, and struggle to invigorate the province.

On the afternoon of 24 May, all members of the congress Presidium were seated on the rostrum. Also seated on the rostrum were specially invited delegates, including Che Mingqiao, Liu Cikai, Yan Zitao, Yang Zhantao, Wu Duo Song Renyuan, Song Jiehan, Zhang Kaijing, Zhao Xiu, and Zhao Tianye. These persons are listed in the order of the number of strokes in their surnames. Also invited to the closing ceremony and seated on the rostrum were (Xie Decai), (Du Qingguo), and (Zhang Fuyuan), responsible persons of the PLA units stationed in the province; as well as principal responsible comrades of various democratic parties and industrial and commercial federations and nonparty patriotic figures, including Chen Shengsan, Yu Ruihuang, Zhang Dexin, Guan Mengjue, Geng Yuelun, Luo Yuejia, Cai Qiyun, and Yan Hongchen. Also seated on the rostrum were Yu Lin and Shi Linqi, congress delegates and former veteran provincial-level leaders.

On the morning of 24 May, the congress conducted a formal election. The number of delegates due to attend the congress was 513, and the number of specially invited delegates was 12. The congress was actually attended by 496 delegates, more than one-half of the total expected, and according with the stipulations of the electoral methods of this congress. The congress deputies conducted the election by secret ballot.

The 24 May meeting was presided over by Comrade He Zhukang. Opening at 1600, the meeting first announced the election results. There are 45 newly elected members of the fifth provincial party committee and 7 alternate members. There are 24 members of the new term of the provincial

Advisory Commission and 25 members of the new provincial Discipline Inspection Commission. Through a show of hands, the meeting then approved the resolution on the work report of the fourth provincial CPC Committee submitted to the fifth provincial CPC Congress, and the resolutions on the work reports of the provincial Advisory and Discipline Inspection Commissions.

Before the meeting ended, Comrade He Zhukang made a speech. He said: All items on the agenda of this congress have been accomplished. Thanks to the concerted efforts of all delegates, this congress has been satisfactory; thus it is a democratic and united congress which pioneers the road of advance. After this congress, you comrades will soon return to your work posts. I hope that you will propagate extensively and implement the guidelines of this congress, plunge into the great upsurge of reform with a new attitude, and strive to make still greater contributions to various points of work.

Attending the meeting as nonvoting delegates were some members and alternate members of the fourth provincial party committee; and members of the former provincial Advisory and Discipline Inspection Commissions. At 1628 on 24 May, the Fifth Jilin Provincial CPC Congress successfully closed amid the majestic sounds of the "Internationale."

Jilin Designates New Areas as Economic Zone
*SK2505052088 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 24 May 88*

[Text] To accelerate the exploitation of petroleum resources in the western part of the province, the provincial government has recently decided to designate Qian Gorlos Mongol Autonomous County and Fuyu City as an economic development zone. To this end, the provincial government will establish an office for constructing the Qian Gorlos-Fuyu Economic Development Zone; will organize forces to draw up plans for building the zone; will study and formulate relevant policies on constructing the zone; and will organize and coordinate the construction work.

Northwest Region

Seventh Qinghai Party Congress Conducts Business

3d Presidium Meeting Held

*HK2405113088 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 20 May 88*

[Text] The Presidium of the Seventh CPC Qinghai Provincial Congress held its third meeting this morning. Song Ruixiang, member of the Presidium's Standing Committee, chaired the meeting. The meeting passed draft resolutions on three reports made by the Qinghai Provincial CPC Committee, Advisory and Discipline Inspection Commissions, and decided to submit those draft resolutions to delegates for discussion. It also approved lists of candidates for members and alternate

Hong Kong

ROK Asks for Help Against Games Terrorists
HK2505061588 Hong Kong HONGKONG STANDARD
in English 25 May 88 p 1

[By Kris Chan]

[Excerpts] Hong Kong authorities have been asked to keep a sharp lookout for terrorists who may try to disrupt this summer's Olympic Games in Seoul.

The request was relayed to the Hong Kong government yesterday by a visiting South Korean delegation, and heightened fears that North Korea will use terrorist acts to disrupt the 1988 Seoul Olympics.

It follows reports from London that North Korea plans a terror campaign to wreck the Games, and that Hong Kong could be used as a staging-point for the terrorists.

Airlines say strict security measures to prevent passengers from becoming terrorist targets will be in place for the duration of the Olympics which will run from September 17 to October 2.

They say passenger safety will be their paramount concern during the games and strict measures will be enforced.

Mr Allan Wu, public relations manager for Japan Airlines [JAL] in Hong Kong, said yesterday security measures had been stepped up in preparation for the Seoul Games.

"Extra care will be taken in making routine security checks on passengers and baggage, in addition to the upgrading of special security measures," he said.

He declined to reveal details of the measures for security reasons.

JAL does not have direct flights between Hong Kong and Seoul and passengers have to change at Tokyo.

Cathay Pacific also said security measures would be very tight during the Olympic Games.

Cathay has the nine flights to Seoul every week—two direct from Hong Kong and seven via Taipei.

The request for help from the Hong Kong government was made by South Korea's Commissioner of Customs Administration, Mr Lee Tong-ho, when he met customs officials yesterday. Mr Lee is leading the visiting delegation.

"We have been asked to offer our assistance during the Olympic Games and to tighten up our security checks on passengers going to Seoul," said Mr David Tong, head of the Customs Investigation Bureau.

"This is to ensure weapons will not be taken into Seoul by terrorists," he said.

Another specific request from the Seoul authorities concerned the possible smuggling of drugs into the country during the games.

"They believe many people may take advantage of the heavy traffic to try and smuggle more drugs into South Korea," Mr Tong said.

He said the Customs Department had agreed to give the Seoul government all the help it could.

Mr Tong said they would discuss details of the security measures Hong Kong would take with Mr Lee during the remainder of the four-day conference.

The conference, the ninth so far, is an annual event to provide the two customs administration to exchange ideas on matters of mutual interest. [passage omitted]

North Korean President Kim Il-sung has denied trying to disrupt the Olympics, although North Korea will be boycotting the Games.

Mozambique President Joaquim Chissano, who has just visited North Korea, quoted President Kim as saying Pyongyang would not disrupt the Seoul Olympics.

Mr Chissano quoted Mr Kim as saying with peaceful activities, including building facilities for the World Youth Festival scheduled to open in September. [sentence as published]

"They (the soldiers) have no time to fight," he quoted the North Korean leader as saying.

Trade Body To Appoint Taiwan Representative
OW2405074188 Beijing XINHUA in English
0051 GMT 24 May 88

[Text] Hong Kong, May 24 (XINHUA) — The Hong Kong Trade Development Council (TDC) will officially appoint a Taiwan consultant to cope with the growing trade between the two regions.

A TDC spokesman revealed that Quanta Group Ltd. will be appointed as the council's Taiwan consultant in a signing ceremony to be held on Wednesday (May 25) in Taipei, the TDC announcement said.

Hong Kong's total trade with Taiwan has grown from 26.5 billion Hong Kong dollars (3.39 billion U.S. dollars) in 1985 to 45.4 billion Hong Kong dollars (5.82 billion U.S. dollars) in 1987, representing a 71 percent increase. But, the trade deficit stood at 21.3 billion Hong Kong dollars (2.73 billion U.S. dollars) last year in favor of Taiwan.

According to the spokesman, the TDC has set a long-term objective of expanding the market share for Hong Kong's products in Taiwan, and the appointment of a consultant is the first step in the council's effort to achieve that end.

Media Discusses 'Brain Drain' Concerns

Editorial on China Direction
HK2205031288 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 22 May 88 p 12

[Editorial: "China Direction Needed To Stem Flood of Talent"]

[Text] The stresses and strains that are part of then run-up to 1997 have never been more evident than in last week's revelation that policemen are leaving the force, and presumably Hong Kong, at a rapid rate.

The brain drain has been an unpleasant fact of life for some time in the private sector, particularly in banking and financial services. Something similar has been happening in the civil service, despite earlier efforts by the administration to suggest this was not so.

Policemen and women probably believe they have better reason than anyone to leave Hong Kong before 1997 when sovereignty over this territory reverts to China. Perhaps some of them expect that their service as high-profile representatives of British authority will mark them for discrimination by a future administration. Just 20 years ago, for instance, all Chinese police were vilified in the local left-wing press as "running dogs". Those with long memories might now be choosing to run.

But many of the rank-and-file police now resigning at a rate of 45 a month have no memories of the running-dog days. Their fears for the future stem from more recent events, mostly from the failure of the Joint Declaration and the draft Basic Law to set hearts and minds at ease about the quality of life in the Special Administrative Region of Hong Kong after 1997.

"Hong Kong residents who hold valid travel documents shall have the freedom to travel and the freedom of entry and exit and, unless restrained by law, shall be free to leave the HKSAR [Hong Kong Special Administrative Region] without special authorisation." So states Article 30 of the draft Basic Law. That might be considered sufficient to allay any citizen's fears about freedom of movement after 1997. It might even be regarded as an invitation to nervous types to stay where they are and to give the post-British SAR government a chance to prove itself.

But for many would-be emigrants Article 30 offers insufficient guarantee. The phrase "valid travel documents" obviously has a precise meaning for a Basic Law drafter. Things are not so conveniently simple, however, for the holder of a British National (Overseas) [BN(O)]

passport, or indeed for the thousands who don't fit neatly into national and racial categories and who therefore could finish up without any kind of travel document, valid or otherwise.

Already there have been cases where foreign immigration officials have been dubious about the validity of BN(O) passports. Such misunderstandings, with all their accompanying delays, are likely to occur for some time. Little wonder then that some of those who intend to leave before 1997 are getting out earlier rather than later.

They will continue to go—bankers, police, teachers and business entrepreneurs—and all the task force studies, such as the one set up by the government a few weeks ago, will not deter them. What is needed to slow the out-flowing convince Hong Kong people that life after 1997 will continue to provide not just stability and prosperity but also freedom.

The Basic Law drafters have attempted to enshrine a number of freedoms in the miniconstitution. Freedom of choice of occupation, of academic research, of literary and artistic creation, even freedom of conscience—all these and more have been written into the draft law. But there are too many doubts surrounding such matters as the relationship between the future chief executive and the judiciary and between the SAR government and the central government to instill real confidence in those who doubt Beijing's intentions.

Hong Kong, China and Britain have a common interest at stake in the brain drain. Between them they must find a way to dilute people's doubts.

In Hong Kong's case, the most compelling task should be to continue to provide more housing, better education, efficient transport and adequate recreation opportunities. Quality of life is one of the major considerations of emigrants and in that area Hong Kong, while having much to offer, has much to do.

In Britain's case, the best contribution towards stemming an exodus would be the removal of some of the uncertainties surrounding the BN(O) passport and the rights of its holders.

In the case of Beijing, which has as much interest as anyone in Hong Kong's ultimate fortunes, more can and should be done to convince people that the Basic Law, when it finally emerges from the forge, will be a scrupulously honest attempt to retain all the freedoms of our current lifestyle. One way to help bring about that happy state of affairs would be for Beijing to give ground on some of the issues that have caused such distrust of the Basic Law, starting perhaps with the election of the legislature and the role of the central government in Hong Kong affairs.

Canada Contributes to Drain
*HK2505053188 Hong Kong SOUTH CHINA MORNING
POST in English 25 May 88 p 1*

[By Bernard Fong and Tim Metcalfe]

[Text] The Hong Kong Government has urged the Canadian Commission to be more discreet about issuing immigration visas to local residents.

A source in the consulate community said yesterday the Government seemed disturbed by the publicity generated by the Canadian Commission's huge immigration section, which has over the past few years approved more emigration visas than the other consulate [word as published] offices combined.

The commission's immigration section yesterday declined to confirm or deny that the Hong Kong Government had through "proper consulate channels" asked its staff to be more discreet about their operation.

Close to 23,000 Canadian emigration visas were issued to Hong Kong residents last year and the rate is rising as the commission expands its immigration section, believed to be the largest of its kind in the world.

"The Canadians are not apologetic about it," the source said. "They are interested in getting the best entrepreneurs and certain categories of professionals to settle in their country."

The Canadian Government, which has abandoned the immigration quota system, recently revised its requirements for Hong Kong entrepreneurs. Previously, Hong Kong people wishing to settle in Canada under the special investment scheme had to invest at least C [Canadian] \$500,000 (HK\$3.14 million) in an approved job creation scheme in the country.

But the ceiling has been lowered to C\$150,000 (HK\$944,000) for people willing to invest in less developed regions. Residency requirements in those places have also been waived.

Canadian interests in Hong Kong are not represented exclusively by the commission which acts for the Federal Government.

Six Canadian provinces—Quebec, British Columbia, Alberta, Manitoba, Ontario and Saskatchewan—have established Hong Kong offices of their own, plying local investors with their emigration and business opportunities.

Meanwhile, a survey of 40 multi-national Hong Kong companies indicates an alarming threat to the territory's economy from the so-called brain drain.

It predicts an even greater exodus of middle-management as 1997 draws closer and debunks the myth that many will return once they have secured foreign passports.

The informal survey has been conducted by Peat Marwick Management Consultants over the past fortnight.

The firm's personnel chief, Mr Cliff Reece, who was in charge of the survey, warned: "The problem is clearly much greater than most imagine.

"The idea that someone arrives for everyone who leaves has been debunked."

The full extent of Hong Kong's brain drain cannot be accurately calculated since records are not kept of those leaving the territory for good.

But after interviewing dozens of company chairmen and chief executives, Mr Reece concludes: "Those who leave are not going to come back. The idea of them returning once they get passport is nonsense. It won't happen."

None of those executives questioned in the survey supported the theory of an exodus reversal. Few expected any staff to return.

One bank recently advertised extensively in Australia for Hong Kong returnees. But Mr Reece said: "Not one of 12 people offered appointments accepted the jobs."

The survey identified four major explanations for this reluctance to return: high accommodation costs, poor schooling, the disruption of re-location and uncertainty about 1997.

Mr Reece fears the brain drain is not being seriously addressed because companies have yet to be hit by the problem where it hurts—in their pockets.

"The only answer is to train replacements—an area in which Hong Kong's record is abysmal.

"No country in the world is so switched-off to training, but companies here have to see the sense of it."

Mainland Could Question 'Drastic Changes'
*HK1905010988 Hong Kong SOUTH CHINA MORNING
POST in English 19 May 88 p 2*

[By Stanley Leung]

[Text] Beijing could raise questions on Hong Kong's affairs during the transitional period if the territory's present systems were significantly altered by Britain in the run up to 1997.

This is the view of a senior Chinese official Mr Li Hou. It emerged during discussions with Basic Law Consultative Committee (BLCC) members in Beijing this week.

Mr Li, a deputy director of the State Council's Hong Kong and Macao Affairs Office, told BLCC members that when the joint accord was signed in 1984, Beijing assumed that there would be no major changes to Hong Kong's political, legal, economic or social systems.

Beijing would not commit itself to any drastic changes made by Britain during the transitional period, he said. "If that happened, we have the right to raise questions, and this could not be regarded as interference," Mr Li was quoted as saying.

Mr Li's message was conveyed yesterday by a member of the Basic Law Consultative Committee, Miss Veronica Wu, who returned after the Beijing meeting.

Miss Wu, a director of Hong Kong Resort Company and New Territories Textiles, is also a core member of the "Group of 81" consisting of businessmen and professionals on the BLCC. The group has advocated that future governors be elected by an electoral college.

Mr Li's comments were in response to questions from an 18-member delegation which brought Beijing officials up to date on territory reaction to the draft.

BLCC members sought Mr Li's views on how Beijing defined several "previous" systems mentioned in the draft which should not be changed in 1997.

Members wanted to know if this referred to existing systems or included changes that might occur up to 1997.

Using civil service pay increases as an example, Mr Li said if salaries and fringe benefits rose significantly before 1997, this would pose a heavy financial burden on the post-1997 Hong Kong Special Administrative Region (SAR) Government.

Mr Li suggested that this might not be acceptable to Beijing, Miss Wu reported.

Beijing has always claimed that Britain should not unilaterally introduce drastic changes before 1997.

Last summer, Mr Li caused a storm of protest when a mainland magazine quoted him as saying that he opposed direct elections and that their introduction to the Legislative Council this year would violate the spirit of the joint accord. But he denied saying this.

According to the Hong Kong pact, Britain will be responsible for the administration of the territory during the transitional period to ensure its prosperity and stability, with the co-operation of China.

But China and Britain may have different interpretations on the scope of London's "administrative responsibility" during the run-up to 1997. Chinese officials, for example, said the introduction of direct elections to the legislature before the promulgation of the Basic Law was unacceptable.

Miss Wu said although they brought up the "definition" issue with Beijing, the delegation members had not yet worked out a solution to plug the loophole.

Most members of the delegation also agreed that the Standing Committee of the National People's Congress (NPC) should delegate its power of interpretation of the Basic Law to Hong Kong courts after 1997.

Although the BLCC members acknowledged that the NPC had the last say, they felt the Standing Committee should not exercise the power unless sought by the local courts.

Joint Liaison Group's Third Anniversary Noted
OW2405142588 Beijing XINHUA Domestic Service
in Chinese 1033 GMT 24 May 88

[By reporters Chen Xiaobin and Wang Zizhen]

[Text] Hong Kong, 24 May (XINHUA) — May 27 marks the third anniversary of the Sino-British Joint Declaration on the Question of Hong Kong as well as the formation of the Sino-British Joint Liaison Group. In an interview with us, Ambassador Ke Zaishuo, chief Chinese representative with the Liaison Group, said that, thanks to their friendly cooperation and joint efforts, the Chinese and British governments have achieved satisfactory progress in their close consultations for implementing the "Joint Declaration" and ensuring the smooth transition of political power in Hong Kong in 1997.

He said: In accordance with the provisions of the "Joint Declaration" and other relevant supplements, members of the Liaison Group have in the last 3 years held nine meetings in Beijing, London, and Hong Kong where they extensively exchanged views on issues concerning the continued participation of the Hong Kong Special Administrative Region [HKSAR] in a number of international organizations or concerning the preservation of its status in those organizations after 1997. They also reached many agreements and made actual arrangements in this regard. Members of the Liaison Group also exchanged views on issues concerning the vital interests of Hong Kong residents, and achieved positive results.

Ambassador Ke briefed the reporters on the work accomplished by the Liaison Group, citing examples concerning HKSAR's continued GATT membership and Hong Kong residents' travel documents after 1997. He said: Because of Hong Kong's present GATT membership, it can enjoy all GATT privileges, including the possibility of acquiring export quotas based on binding tariff reduction rates for most favored nations and concluding trade accords with other GATT members. As

far as Hong Kong is concerned, this is a major issue concerning its economic lifeline. Hong Kong's free port status and GATT membership not only enable Hong Kong's exports to compete on the international market, but also encourage local and foreign investors to invest in Hong Kong's manufacturing industry, thus expanding its export capability and promoting its development in the economic and other areas. Hong Kong is now enjoying its GATT membership as an affiliate of Britain. This situation obviously cannot continue after 1997. China, however, has yet to reinstate its status in GATT. Moreover, since China's economic system differs from that of most GATT members, some complex issues must be resolved when concluding trade accords with them. Nevertheless, since Hong Kong will continue to follow a free trade policy and remain a free port after 1997 in accordance with the "one country, two systems" concept, it is entirely necessary for Hong Kong to remain a GATT member. This issue has drawn widespread attention from Hong Kong residents and people throughout the world who are interested in Hong Kong's economic future. In light of the relevant GATT provisions, and after repeated discussions and consultations for more than 1 year, members of the Liaison Group agreed that, after 1997, Hong Kong will join GATT independently under the name of "China Hong Kong," and have made arrangements with the relevant GATT organs in this connection. The successful settlement of this issue guarantees Hong Kong free port status in conducting external trade, enables it to enjoy all kinds of preferential treatment, and increases people's confidence in Hong Kong's steady economic development.

Ke Zaishuo said: The travel documents and certificates of identity of Hong Kong residents are of vital importance to them. Currently Hong Kong residents, in addition to making frequent trips to the mainland, annually make a total of 13 million visits abroad for the purpose of sightseeing, family reunion, business, or advanced study in various parts of the world. It is precisely because of the frequent movement of people that enterprises in Hong Kong have been able to keep themselves well informed, adapt themselves to world market trends, and maintain Hong Kong's position amid fierce international competition. According to Hong Kong's existing regulations, residents born in Hong Kong and other permanent residents may apply for a certain type of British passport or "certificate of identity" as travel document. Historical relations have made it rather convenient for Hong Kong residents holding such travel documents when traveling, conducting business, or studying abroad. How should such travel documents be handled after China resumes exercise of its sovereignty over Hong Kong in 1997? After repeated consultations, the Liaison Group finally worked out a formula by adding the current permanent residence to the new travel documents and certificates of identity of Hong Kong residents after 1997, thereby safeguarding China's sovereignty while taking into full account the interests of Hong Kong residents, thus enabling them to continue to enjoy the above-mentioned conveniences after 1997.

Ke Zaishuo said: In addition, the Liaison Group also had a broad exchange of views, reached a number of agreements, and mapped out concrete arrangements for Hong Kong to continue to participate, or keep its seat, after 1997 in such international organizations as the Asian Development Bank, the Inter-Postal Union, the World Meteorological Organization, the International Maritime Organization, the International Telecommunications Union, the Council for Customs Cooperation, the International Labor Organization, the UN Economic and Social Commission for Asia and the Pacific, the Asian-Pacific Regional Organization under the UN Food and Agriculture Organization, the West Pacific Regional Committee of the World Health Organization, the International Sealane Surveying Organization, and the International Atomic Energy Commission. He said: The work carried out by the Liaison Group has been to ensure the implementation of the "Joint Declaration," the smooth transfer of political power in 1997, the continued prosperity and stability of Hong Kong, and the immediate and long-range interests of the residents of Hong Kong.

Looking forward to the work in the future, Ambassador Ke Zaishuo compared the entire work of the Liaison Group to building a skyscraper, saying that so far we have laid the sound foundation and built two or three stories. During the transitional period, the Liaison Group needs to hold consultations and discussions on a great number of tasks which will become even more arduous in the subsequent period. In line with the relevant provisions of the Sino-British "Joint Declaration" and its appendices, the Liaison Group will continue its work until 1 January 2000. He pointed out with full confidence that the Chinese and British sides will continue their friendly cooperation and successfully fulfill all tasks of the Liaison Group.

Basic Law Draft Continues To Draw Concern

Called 'Outdated'

HK2205030688 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 22 May 88 p 2

[By Chris Yeung and Agnes Lam]

[Text] A leading political scientist has warned that Hong Kong's future political system laid down in the Basic Law has been formulated according to the outdated colonial system which is autocratic and undemocratic.

Ironically, Chinese University senior lecturer, Dr Joseph Cheng, lamented that Basic Law drafters had not considered the political set-up of mainland China which has a better check and balance system.

Dr Cheng of the university's Government and Public Administration Department was speaking at a seminar on the political system outlined in the first Basic Law draft at the Duke of Windsor Social Service Building yesterday.

The seminar was organized by the democratic alliance of the Joint Committee on the Promotion of Democratic Government.

Apart from Dr Cheng, another speaker, Mr Szeto Wah, who is also a Basic Law drafter, agreed that the future legislature was given limited power to monitor abuses of the executive arm.

According to the Basic Law draft, the future legislature, among others, can make laws, scrutinise the budget and expenditure and question government policies.

Unlike the present Legislative Council, the future legislators are also empowered to propose an impeachment of the chief executive if he commits a serious crimes or is negligent.

However, it has no power to propose bills that are related to government expenditure and policies.

Quoting the Chinese constitution, Dr Cheng said: "I was very disappointed that the whole political set-up has been designed according to the previous colonial system but not that of China which is better."

He said the legislatures ranging from those at the provincial to central levels are empowered to elect and dismiss their leaders.

"Why China can but the future Special Administrative Region cannot?" Dr Cheng asked.

He said a committee system under the future legislature could help improve the checks and balances between the legislature and the executive branches.

Dr Cheng also called for more attention on the formation of the first SAR government which could determine the operation of the future political system.

Another speaker, Mr Martin Lee Chu-ming, pointed out that members of the first SAR government, could influence the composition of the subsequent legislature after the first legislature was dissolved.

He said the proposal contained in the first draft which was originated from a package made by Mr Louis Cha should never be accepted.

Under the proposal, a Beijing-appointed preparatory committee is to form a body to select the first chief executive through consultation or election and to elect the first legislature.

Mr Lee said: "The composition of the preparatory committee is bound to be controlled by the central government. No matter how fair the composition is, the way that the members of the committee are chosen by appointment is subject to criticism."

He said no matter how perfect the Basic Law provided for the framework of future legislature, the first government could change it once its members assumed duties.

"This shows that the Chinese authorities do not have faith in Hong Kong people and the British Government," he said.

Mr Lee said the Chinese authorities were making some safeguards by attempting to form a controllable government by 1997 empowered to formulate the system afterwards.

On the electoral committee to chose the chief executive, Mr Lee said this might become a second power centre when approaching 1997.

Lawmakers Concerned

HK2205031088 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 22 May 88 p 2

[By Agnes Lam]

[Text] Local law-makers want China to allow the future Hong Kong Special Administrative Region (SAR) government legislate laws that have been enacted by its authorities after 1997.

They reckon the spirit of the Sino-British Joint Declaration will be contravened if China's State Council can "promulgate" such laws after 1997.

The first draft of the Basic Law states that some Chinese laws can be applied to the Hong Kong SAR through promulgation or legislation on the directives of the State Council.

These include laws relating to defence and foreign affairs as well as other laws which give expression to national unity and territorial integrity.

The Office of Members of Executive and Legislative Council's Constitutional Development Panel yesterday met to discuss the articles of the Basic Law draft on the relationship between the Hong Kong SAR and the central government.

Briefing reporters after the two-hour meeting, convenor Mr Andrew Wong said some members expressed concern over the power of the State Council to promulgate laws in Hong Kong.

"Some of us are worried that this may become another source of legal power which may go against the Joint Declaration," said Mr Wong.

He said members did not dispute the need to have such laws enacted in Hong Kong because, after all, it would be the central government to be responsible for the foreign affairs of the SAR.

But the way how such laws were to be promulgated was questionable, said Mr Wong.

Some members suggested that the future SAR legislature be allowed to enact the laws instead of the State Council so as to allay worries.

Mr Wong said another suggestion called for laws to be clearly stated in the Basic Law that must comply with the spirit of the Joint Declaration.

The panel also discussed a provision on the right to amend and revoke laws enacted by the Hong Kong SAR.

Mr Wong said the right should rest with the judiciary in Hong Kong.

Law Society on Draft

OW2105080988 Beijing XINHUA Domestic Service
in Chinese 1203 GMT 18 May 88

[Text] Beijing, 18 May (XINHUA) — The Law Society held a forum in Beijing on "The Draft Basic Law of the Hong Kong Special Administrative Region for Solicitation of Opinions" today. More than 20 jurists frankly offered opinions and suggestions during the meeting.

Zhang Youyu, honorary president of the Law Society, said at the meeting: In discussing the basic law, we should first adhere to the principle of sovereignty, the principle of stability and prosperity, and the principle of one country with two systems. We don't have to reach specific conclusions now and we should solicit more opinions from all quarters, particularly from Hong Kong friends. All opinions may be specifically discussed as long as they don't violate our sovereignty and are conducive to prosperity. In short, we should consider both the reality of Hong Kong and its future development.

The experts and scholars put forward many specific opinions and suggestions on the draft for solicitation of opinions, mainly on the relations between the central government and the Hong Kong Special Administrative Region and on the political structure. Some experts pointed out that the idea of the Hong Kong administrative organs in the draft is quite confusing and inconsistent. Besides, the draft for solicitation of opinions has not clarified whether civil and criminal disputes between Hong Kong and other regions of China will be handled by the central court according to the central law or by the Hong Kong court according to the basic Law of Hong Kong. Some experts suggest that the different Chinese characters "fa [3127]" and "fa lu [3127 1774]" [both mean "law"] should be standardized. They think that the word "law" in many articles of the draft is so confusing and ambiguous that people can't decide whether it is a law enacted by Hong Kong or a law enacted by the NPC Standing Committee.

Shenzhen Mayor, Delegation Visit Hong Kong
HK1805143688 Beijing XINHUA Hong Kong Service
in Chinese 1311 GMT 18 May 88

[Text] Hong Kong, 18 May (XINHUA)—An 8-person delegation from the Shenzhen City government, headed by Shenzhen Mayor Li Hao, arrived in Hong Kong today to start a visit at the Hong Kong Governor David Wilson's invitation. The delegation was met by Hong Kong Government political advisor [Richard] Clift at Man Kam To.

Li Hao will call on David Wilson tomorrow morning. Last March, David Wilson visited Shenzhen at Li's invitation and the two exchanged views on questions of common concern. During the current visit to Hong Kong, Li Hao will be briefed by Hong Kong government officials on Hong Kong's plans of development on the sea, in the air, and on the land.

The delegation will stay in Hong Kong for a week and will visit Lok Ma Chau, Kai Tak Airport, Kwai Chung container piers, and Tuen Mun New Town.

Members of the delegation include Shenzhen Vice Mayor Li Guangzhen and responsible persons of some city government departments.

Xu Jiatun, director of the Hong Kong branch of XINHUA NEWS AGENCY, hosted a welcoming banquet in honor of the delegation this evening. Also present at the banquet as guests were responsible people of the Bank of China group, the China Resource group, the China Merchants Steam Navigation Company, the China Travel Service group, and other organizations of Chinese business interests.

April Exports Increase by Over 10 Percent
HK2505054188 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 25 May 88 p 1

[By Michael Marray]

[Text] Exporters in Hong Kong turned in another solid performance in April, with domestic in April, with domestic exports rising by 10.4 percent in value compared with the same month last year.

This was a welcome contrast to the seasonal dip seen during March, when domestic exports fell by three percent relative to March last year.

Meanwhile, re-exports, continued their strong growth during April, and were up by 44.8 percent in value over the same month last year.

The value of imports grew by 31.5 percent over April last year.

"The figures are pretty good," commented Pauline Dallas, senior economist at County NatWest Securities Asia.

She said that the 10 percent increase for April underlined that the drop seen in March had been an aberration caused by the different timing of Chinese New Year in 1987 and 1988.

And she said that the strong import figures pointed to the strength of the Hong Kong economy.

"The fact that the trade deficit has increased really means that our manufacturers are importing more raw materials, and building up inventories to fill future export orders," she said. "Also we are importing more consumer goods."

The value of domestic exports in April was \$16.1 billion. Re-exports were worth \$20.6 billion, meaning that total exports grew by 27.4 percent over April last year to \$36.7 billion.

The value of imports stood at \$40.1 billion.

As the value of imports grew faster than that of total exports, the visible trade deficit was larger than in April 1987.

It stood at \$3.4 billion, equivalent to 8.5 percent of the value of imports, compared with a deficit of \$1.7 billion in April last year—equivalent to 5.6 percent of the value of imports.

The value of domestic exports in the first four months of the year rose by 13.5 percent to \$60.2 billion. Re-exports leapt 44.9 percent to \$73.5 billion, while imports climbed by 27.6 percent to \$138.9 billion.

The trade deficit for the four months was \$5.2 billion, up slightly from the \$5 billion for the first four months of 1987.

The growth rate for domestic exports for the 12 months from May 1987 to April 1988, when compared with the previous twelve-month period, was 21.5 percent.

Thus the growth rate of 13.5 percent recorded for January to April 1988, when compared with the same period last year, represents a slowdown.

However, Miss Dallas noted that the base of comparison was growing steadily, making a decreasing growth rate likely.

Re-exports have, however, managed to keep growing at much the same rate.

Miss Dallas said the figures reflected the move by Hong Kong manufacturers to set up processing facilities across the border in China.

"The export figures have been led by re-exports for the last year," she said.

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